

NAVAL POSTGRADUATE SCHOOL MONTEREY, CALIFORNIA



THESIS

QUALITY MANAGEMENT REVIEW GUIDE AND PROCEDURES FOR NAVSUP FIELD ACTIVITIES

by

John R. McKone II

December, 1994

Principal Advisor:

Mark W. Stone

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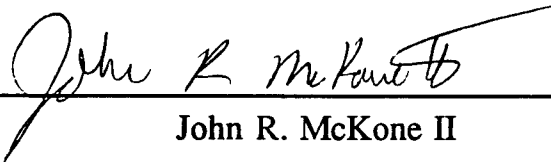
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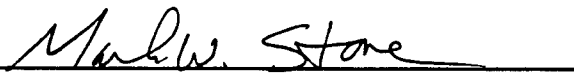
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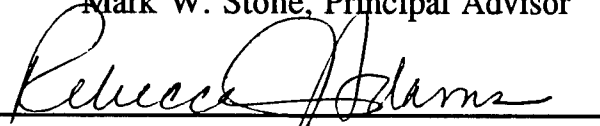
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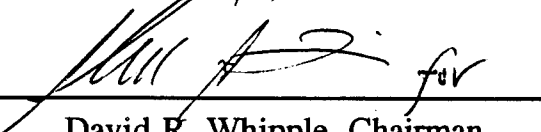
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ABSTRACT

This research project investigates the Naval Supply Systems Command's (NAVSUP) current goals and objectives in developing a new Procurement Management Review (PMR) process. NAVSUP must conduct PMRs on all activities in which they provide contracting authority.

Change to the current PMR process is required. Many factors have contributed to this requirement for change in the PMR process. These factors include the shrinking Department of Defense (DOD) dollar, efforts to reinvent or reengineer Government, the way material is purchased in outside industries and the use of Total Quality Leadership (TQL) throughout the Navy. All of these factors are discussed in this research effort.

This thesis provides guidance which can be used by NAVSUP to implement a uniform and consistent TQL approach to the PMR process for their field activities.

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I. INTRODUCTION

A. PROBLEM STATEMENT

This research project investigates the Naval Supply Systems Command's (NAVSUP) current goals and objectives in developing a new Procurement Management Review (PMR) process. NAVSUP must conduct PMRs on all activities in which they provide contracting authority. There are basically two types of activities in which this authority is provided. The first and most common are the Navy Field Contracting System (NFCS) offices. These activities have limited authority, designated by NAVSUP. The other purchasing offices are Naval Regional Contracting Centers (NRCC) which have basically unlimited authority.

Change to the current PMR process is required. Many factors have contributed to this requirement for change in the PMR process. These factors include the shrinking Department of Defense (DOD) dollar, efforts to reinvent or reengineer Government, the way material is purchased in outside industries and the use of Total Quality Leadership (TQL) throughout the Navy.

B. OBJECTIVES

The objectives of this thesis are to produce a standardized user/management guide and establish the basis on which this guide will be implemented to incentivize NFCS activities to:

- Review, measure, validate and ultimately continually improve their contracting process;
- Address the systemic problems which have plagued NFCS activities year after year; and
- "Maximize the efficiency of the PMR team and process while minimizing the size of the review teams and actual time spent on-site conducting these reviews."
[Ref.1,p.1]

C. RESEARCH QUESTIONS

1. Primary Research Question

How can the Naval Supply Systems Command's (NAVSUP) current Procurement Management Review (PMR) process be reinvented or restructured to "maximize the efficiency of the PMR team ... while minimizing the size of the review teams and actual time spent on-site conducting these reviews?" [Ref. 1,p.1]

2. Subsidiary Research Questions

- Under what directives or statutes does the current PMR system receive its authority?
- What are the principal difficulties, systemic problems and associated issues in the current PMR system?
- In what areas and how could Total Quality Leadership (TQL), reinvention, and other innovative practices be applied to the PMR process in order to address the current problems?
- Using a new approach, which measurements are the most efficient and effective for the PMR process?

D. SCOPE, LIMITATIONS AND ASSUMPTIONS

The scope of this research effort is to develop standardized PMR processes and procedures which could be used by NAVSUP to outline a new inspection process for all NAVSUP contracting activities. Due to the reasons listed below, these processes and procedures will only provide a generalized overview of all procurement areas.

Every NFCS activity is different. They are located in different parts of the world. They serve different customers and seek out different providers of these desired goods and services. The customers desire different items in different quantities at different times. The providers prefer different ways of accepting orders, i.e. electronic mail (E-mail), Blanket Purchase Agreement (BPA) calls, or

customer walk-ins. These providers have different payment desires. They may offer prompt payment discounts. Some providers may only accept cash transactions (impress fund) due to payment problems they have experienced in the past. Due to these differences, one would believe that NFCS activities would use different procurement methods to achieve their goals. This has been confirmed by NAVSUP's chief counsel, Mr. Doug Larsen, esq., who was in charge of a study to reorganize and restructure all NAVSUP field contracting offices. He states that through this study it has been determined that although NAVSUP's customer base is relatively the same from region to region, the contracting mechanisms used to procure materials and services vary tremendously from field office to field office. [Ref.2] It is therefore assumed that not all of the processes and procedures (as discussed in Chapter IV and the Appendices) will be equally applicable to all NFCS activities.

These procedures will be more useful for a longer period of time and for the majority of the NFCS activities. Regulations and requirements are all always in a state of flux. If the procedures address specific regulations and requirements, some of the processes and procedures would become obsolete as the regulations and requirements are changed. Furthermore, due to the plethora of regulations and requirements not every area for every NFCS activity can be addressed due to time constraints. Since this study concentrates on changes to the current NFCS, it is assumed that readers have a basic understanding of Government and Navy procurement concepts, procedures and terminology. However, this study does not intend to get into specific procurement laws and regulations.

E. LITERATURE REVIEW AND RESEARCH METHODOLOGY

The literature review for this study included the Federal Acquisition Regulation (FAR), the Department of Defense Federal Acquisition Regulation Supplement (DFARS), the Navy Acquisition Procedures Supplement (NAPS), the Final report to the President by The President's Blue Ribbon Commission on Defense Management, Defense Acquisition Workforce Improvement Act of 1991, National Performance Review (released September 1993), Section 800 Panel report to Congress (January 1993), The Gore Report on Reinventing Government, Defense Logistics Studies Information Exchange (DLSIE) custom bibliographies, current NAVSUP and NFCS Quality Assurance Plans and Quality Management Review letters and memorandums, journal articles, commercial books on reengineering and total quality management, and Naval Postgraduate School Master's theses.

The research methodology commenced with literature collection. Points of contact at NAVSUP and NFCS activities were established to assist in literature collection.

The literature review was conducted to establish current baseline goals and objectives for NAVSUP and NFCS activities. It was also conducted to review the processes and procedures of other organizations within and outside DOD. This area of research revealed shortcomings of the current system and provided alternatives to the current process.

F. PMR GUIDE AND TEMPLATES

Appendix B was derived from NAVSUP's Quality Assurance Plan and Quality Management Review Letter, dated 28 December, 1993. Input from NFCS activities, NRCCs, organizations from within DOD such as the Defense Logistics Agency (DLA), and the literature review were used to modify

and adjust NAVSUP's letter to provide a more comprehensive plan.

This letter outlined the process by which all NFCS activities and NRCCs were to develop and implement their own Quality Assurance (QA) plans. A substantial portion of the QA plans are the actual templates. These templates are designed to measure quality during the contracting process. In order to standardize the contracting process, these templates have been developed by NAVSUP to be used as a basis for all QA plans in the field. Some templates may not be applicable to some NRCCs and NFCS activities due to differences listed in Section D - Scope Limitations and Assumptions. Furthermore, additional templates may be required if other processes better define individual NRCC and NFCS activity processes.

The Guide, including the templates, was forwarded to NAVSUP for review, analysis and feedback. The results of this review can be found in chapter five of this thesis.

G. DEFINITIONS AND ABBREVIATIONS

NAVSUP defines PMR commands as:

...those activities headed by a commanding officer that have cognizance over a PMR division or detachment. These include Naval Regional Contracting Center (NRCC) San Diego, NRCC Philadelphia, NRCC Naples, NRCC Singapore and the Navy Exchange Service Command (NEXCOM).
[Ref.3,p.1]

PMR detachments are:

...those activities with PMR responsibilities that report directly to their cognizant command. These include NRCC San Diego Detachments at Oakland and Puget Sound, and NRCC Philadelphia Detachments at Charleston and Norfolk. [Ref.3,p.1]

This study will use many abbreviations throughout the text. The identification and abbreviation will occur when

first cited. Appendix A has been established to assist the reader if an abbreviation is found somewhere after the first usage of the term.

H. ORGANIZATION OF THE STUDY

Chapter II expands on the introduction by providing a historical perspective and shows the driving forces which are requiring our current need change. It analyzes NAVSUP's current PMR process, goals, objectives and directives.

Chapter III identifies and describes the basic ideas and concepts which will then be used to develop the new PMR guide and procedures. The new procedures will utilize NAVSUP QA plans and templates. This basic plan will be expanded to include information which has been found from NFCS QA plans, previous NAVSUP QA and PMR policies and procedures, DLA PMR procedures and private or commercial procurement review processes.

Chapter IV provides a framework to conduct PMRs. This chapter demonstrates how PMRs can be implemented including utilization of templates, preparing for, schedule of and areas to review during the PMR.

The final chapter provides conclusions and recommendations of the researcher based on feedback from NAVSUP. Included in this chapter are the answers to the primary and subsidiary research questions and areas that might merit further study.

II. BACKGROUND AND ANALYSIS

A. HISTORICAL PERSPECTIVE

In 1961, a study was initiated to answer Congressional concerns about the Office of Secretary of Defense (OSD) control over procurement policy implementation. The conductors of this study, R. D. Lyons and T. J. Sullivan, concluded that:

...the DOD did not have accurate or timely information to be able to determine if the three Military Departments were effectively accomplishing their procurement responsibilities.
[Ref.4,p.11]

As a result of this study, the Secretary of Defense (SECDEF) established the Defense PMR program on July 30, 1962 by issuing DOD Directive 5126.34.

OSD, the Military Departments and the Defense Logistics Agency (DLA) were allocated approximately 70 personnel billets and given a charter to develop a standardized instruction manual that could be used to ensure consistency in performance criteria and inspection procedures.
[Ref.5,p.5]

In July 1966, DOD Directive 5126.34 was revised to cover contract administration functions and extend the review requirement from two to three years for major procurement organizations. Further revision occurred in August of 1977 when DLA was designated as the DOD Executive Agent for the program and the Military Departments were now responsible for organizing and conducting reviews within their systems commands. [Ref.5,6]

On April 16, 1991, DOD Directive 5126.34 was canceled as a result of the Defense Management Review of 1989. The objective of the Defense Management Review of 1989 was to eliminate or decrease the amount of paperwork and direction

provided by OSD. OSD felt there was no reason why they needed to tell the individual Services how to conduct their own inspections. Mr. Steve Cohen, former Defense Procurement Management Review Program Director, at the Office of the Under Secretary of Defense for Acquisition and Technology, has stated, since the DoD Directive was cancelled, "PMR instruction or direction is not required at the DOD level. Each Office has their own program. [Ref.7] Each Service still reports their findings to OSD on an annual basis. For the Navy, the Assistant Secretary of the Navy (Research, Development and Acquisition) (ASN (RD&A)) Deputy for Acquisition Policy, Integrity and Accountability oversees the PMR program. ASN (RD&A) reviews ten buying commands. Of those ten commands, eight of them must conduct reviews because they provide field activities with contracting authority. These activities include:

- Naval Supply Systems Command, which reviews approximately 900 field activities;
- Naval Facilities Engineering Command, 221 field activities;
- Marine Corps Headquarters, Installation and Logistics, 27 field activities;
- Military Sealift Command, 27 field activities;
- Naval Sea Systems Command, 18 field activities;
- Naval Air Systems Command, 2 field activities and two small purchase offices at headquarters;
- Office of Naval Research, two field activities;
- Space and Naval Warfare Systems command, 1 field activity and one small purchase office at headquarters. [Ref.8,p.3]

"In a typical year, 300-400 PMRs are conducted by these buying commands." [Ref.8,p.3] The largest number of field activities the Navy operates is from Naval Supply Systems Command (NAVSUP).

According to Mr. Joe Sousa, who works for the Deputy for Acquisition Policy, Integrity and Accountability at the Office of the Assistant Secretary of the Navy (Research, Development and Acquisition), the overall purpose of the PMR program is, "to improve the quality of procurements and the efficiency of the procurement process. The PMR program reviews all Navy buying activities on a three year cycle." [Ref.8,p.1]

Currently there are no statutory requirements for PMRs. However, Executive Order 12352, signed by President Reagan on March 17, 1982 requires each executive agency to:

Designate a Procurement Executive with agency-wide responsibility to oversee development of procurement systems, evaluate system performance in accordance with approved criteria, enhance career management of the procurement work force, and certify to the agency head that procurement systems meet approved criteria. [Ref.9,p.1]

For the United States Navy, the PMR program is orchestrated at the ASN level. It must be noted, however, that the PMR process is still influenced from above ASN. The Office of Federal Procurement Policy (OFPP), DOD and SECNAV still forward policy initiatives to all activities. Part of the PMR process is to ensure these top level policies are disseminated, understood and implemented at the field level.

B. DRIVING FORCES FOR CHANGE

The overall PMR process has remained constant for many years. The basic process included preparation for an extensive review (which included establishment and organization of the PMR team consisting of up to ten or more reviewing officials), the actual review itself (which could last up to two weeks reviewing hundreds of contract files), documentation and justification of reviewing officials' positions, and finally follow up requirements, placed on the

reviewed activity which would have to address these problems until corrected and be reviewed again for compliance three years later during the next PMR. Recently, acquisition reform initiatives have changed the way DOD and NAVSUP do business in so many ways. The following provides the major reasons why change is required to the PMR process. Acquisition reform is driving changes in statutes and laws. There is a push to down-size Government. The current PMR system does not meet stated objectives and finally, the review process is not consistent. Each of these areas will be addressed.

1. Acquisition Reform Initiatives

For approximately the last fifteen years, the Government procurement system, throughout its hierarchy, has been bombarded with many different studies, initiatives and reform efforts intended to improve the procurement process. The number of initiatives increased in the late seventies. In the eighties, reform efforts expanded when the stories of the four hundred dollar hammers, and the six hundred dollar toilet seats were exposed by the media. Instead of improving the procurement process, reform efforts made the process worse in that Congress and the media focused their, "actions designed to correct perceived abuses...on an issue-by-issue rather than a systemic basis." [Ref.10,p.32] These reform efforts did two things. First, the added requirements and checks mandated that contracting officers took more time to procure goods and services. Second, to protect themselves, procurement review offices increased the number of reviews and the types of reviews. By the mid-1980's, the Packard Commission revealed that the increasing restrictions on the procurement process were limiting contracting officers' ability to perform their mission. Listed below is brief history of many of the major efforts to modify or influence statutes of the last fifteen years.

Keep in mind this is not a complete list of reform efforts at the Executive and Congressional level.

a. The Commission on Government Procurement (COGP)

The Commission on Government Procurement was chartered by Congress in 1969. The 1972 report recommended the creation of "an integrated system for effective management, control, and operation of the federal process." [Ref.11,p.6] A step towards achieving these goals was the establishment of OFPP on August 30, 1974.

b. The Uniform Federal Procurement System (UFPS)

In 1982, OFPP forwarded a report titled "Proposal for a Uniform Federal Procurement System" to congress which listed particular features of a reformed Government procurement system. Some of these features include:

- A streamlined management structure with clear lines of authority, responsibility, and accountability.
- A professional work force with latitude for initiative and business judgment.
- Understandable and measurable standards for management and operational performance.
- A control system that identifies problems early.
- Organized feedback of information on system performance.
- A means for adjusting the individual components of the system. [Ref.10,p.32]

While these were actual features of the UFPS, Stanley N. Sherman, professor of procurement at The George Washington University stated, however:

...it would be optimistic to say that the features have been put into place. Instead, media and congressional attention turned to quality, cost, effectiveness, and ethical issues, and actions designed to correct perceived abuses were begun on

an issue-by-issue rather than a systematic basis.
[Ref.10,p.32]

c. *Executive Order 12352*

President Ronald Reagan on March 17, 1982 signed an order entitled "Federal Procurement Reforms," that attempted to:

- Make procurement more effective in support of mission accomplishment.
- Consolidate DOD, General Services Administration (GSA) and National Aeronautics and Space Administration (NASA) regulations into what is now known as the Federal Acquisition Regulation (FAR).
- Develop a professional workforce.
- OFPP provide leadership to achieve procurement reform. [Ref. 9]

"Congressional actions during the eighties were more drastic than any of the earlier reforms." [Ref.10,p.39]
This was brought about due to public outcry of perceived abuses of the system. This rising concern lead to the next major study. [Ref.10,p.39]

d. *President's Blue Ribbon Commission on Defense Management*

On July 15, 1985, the President's Blue Ribbon Commission on Defense Management, chaired by David Packard, was established by Executive Order 12526 to "examine the Defense Department's overall system of command and its systems for determining requirements." [Ref.11,p.34] The commission had some bold objectives. They included:

Control and supervision of the entire acquisition system-including research, development, and procurement-can be strengthened and streamlined. Waste and delay in the development of new weapons can be minimized, and there can be greater assurance that military equipment performs as expected. DoD and defense industry can have a

more honest, productive partnership working in the national interest. [Ref.12,p.3]

To accomplish these monumental tasks the report stated that:

It is only through a willingness to change by both public and private institutions that our recommendations will achieve their ultimate purpose of restoring stability to defense programs, saving money, and fielding better military forces. [Ref.12,pg.5]

As a final observation, this report noted that:

Over the years, Congress and DoD have tried to dictate management improvements in the form of ever more detailed and extensive laws or regulations. As a result, the regime for defense acquisition is today impossibly cumbersome.... Congress [should] work with the Administration to recodify federal laws governing procurement in a single, consistent, and greatly simplified procurement statute. [Ref.12,p.33]

The release of the final report, "A Quest for Excellence," in June of 1986, has lead to other actions including: the Defense Management Report to the President, the Defense Acquisition Workforce Improvement Act (DAWIA), and other initiatives as listed below.

e. Defense Management Report to the President

On June 12, 1989, Secretary of Defense Dick Cheney forwarded a report to the President entitled Defense Management Report to the President. The intended purpose of the report was to:

- implement fully the Packard commission's recommendations;
- improve substantially the performance of the defense acquisition system;
- manage more effectively the Department of Defense and our defense resources. [Ref.13,p.i]

The report included how to reorganize the management framework throughout DOD, how to improve defense acquisition by increasing stability in programs, limiting reporting requirements, increasing the quality, decreasing the quantity of the acquisition staffs and increasing communications with all users of the procurement system. Recall that on April 16, 1991, DOD Directive 5126.34, which was the driving regulation behind the PMR program, was cancelled as one of the many results of the Defense Management Review of 1989. This report also addressed specific legislative initiatives, including stability in funding programs, greater use of commercially available off the shelf (COTS) products and provide financial assistance for procurement specialists' higher educational needs. [Ref.13, Appendix B] The intentions and directions of the Packard Commission and Defense Management Review were applied to directives like OMB Circular A-109, which required the use of commercial practices when at all possible.

f. Defense Acquisition Workforce Improvement Act (DAWIA)

Title XII of the 1991 Defense Authorization Act (DAA) contains the DAWIA. The intended purpose of DAWIA was to, "create a body of well-educated; trained and dedicated acquisition professionals." [Ref.14,p.53]

DAWIA's requirements for GS-1102 series and military contracting officers included a baccalaureate degree, twenty four semester hours of accredited study in the field of business management, and mandatory contracting courses depending on grade level and type of contracting.

g. Current Initiatives

Acquisition reform has not slowed down with the current administration. The Acquisition Streamlining Act of 1993 was recently passed and another bill is awaiting

presidential signature which will accomplish many objectives. One of the largest of these was to raise the small purchase threshold.

Furthermore, the executive branch has promised to "rewrite the 1,600 page FAR, the 2,900 pages of agency supplements that accompany it, and Executive Order 12352." The new regulations will:

- shift from rigid rules to guiding principles;
- promote decision making at the lowest possible level;
- end unnecessary regulatory requirements;
- foster competitiveness and commercial practices;
- shift to a new emphasis on choosing "best value" products;
- facilitate innovative contracting approaches;
- recommend acquisition methods that reflect information technology's short life cycle;
- develop a more effective process to listen to its customers: line managers, Government procurement officers, and vendors who do business with the Government. [Ref.15,p.28-29]

What does all of this history mean? Procurement reform has come full circle. Before the early sixties, the Government did not know, "if the three Military Departments were effectively accomplishing their procurement responsibilities." [Ref.4,p.11] It was because of this, that programs, staffs and organizations were established to measure the effectiveness of their procurement responsibilities. Increased checks and balances, one of which was the PMR process, were instituted to verify and inspect all Government procurement agencies. By the middle 1980's it was realized that these programs, staffs,

organizations and their directives and statutes were restricting the ability of the contracting officer to perform his/her job. It was at that time that the Government attempted to empower the contracting officer by minimizing rules and regulations, increase stability in programs, limit reporting requirements, increase the quality, decrease the quantity of the acquisition staffs, increase communications with all users of the procurement system, and train the contracting officer to perform his or her job more efficiently. The PMR process which was established back in the 1960's has not kept up with these changes and is required to be changed to meet these new goals and objectives of the Defense Management Review, the Packard Commission, the Gore Report on Reinventing Government and many other important studies, initiatives and statutes.

2. Downsizing Government

a. *Why the Growth Occurred*

American business was built around Adam Smith's central idea of:

...the division or specialization of labor and the consequent fragmentation of work. The larger the organization, the more specialized is the worker and the more separate steps into which the work is fragmented. [Ref.16,p.12]

Although Adam Smith's idea was based on a manufacturing model, American Government appears to be built around this same central idea. As stated in the previous section, programs, staffs and organizations were established to measure the effectiveness of their procurement responsibilities. Increased checks and balances, were instituted to verify and inspect all Government procurement agencies to ensure conformance to regulatory and statutory requirements. As the number of requirements grew, so did

the time and effort required to award Government contracts. A good example of this is found in a 1988 Office of Personnel Management publication which explained that:

...anecdotal mistakes prompted additional rules. When the rules led to new inequities, even more rules were added. Over time a maze of regulations and requirements was created, hamstringing and often impeding federal managers and employees from achieving their missions and from giving the public a high quality of service. [Ref.15]

Also, growth occurred due to the establishment of new organizations like OFPP which was formed to oversee the management, control and operation of the procurement system. Such organizations added yet another layer of bureaucracy. Congress also created independent offices of the inspector general within each agency. [Ref.15,p.2]

b. Rightsizing DOD

Since the middle 1980's, Government has curtailed its growth. DOD has lead the way in this reduction effort. Since the Berlin Wall came down, DOD has decreased spending across the board. Since the end of the Gulf War over 250,000 active duty military and well over 100,000 civilian jobs have been eliminated. [Ref.17,p.45] The size of the civilian, non-postal workforce should be reduced by 12 percent over the next five years. This reduction equates to a total of 252,000 positions; 152,000 over and above the 100,000 already promised by President Clinton [Ref.15,p.iii]:

Defense spending since World War II has grown at a baseline average rate of 0.7% per year. The annual DOD budget has grown faster and slower than this rate....The cyclical nature of growth predicts a major downturn for the early 1990s, bottoming out in the late 1990s at \$213 billion, an \$80 billion drop from the present level. [Ref.18,p.77]

This constitutes a decline in DOD real spending of over 5.0% a year through the end of the decade. What this means is that DOD must do more with less. All of NAVSUP's organizations including PMR teams and NFCS staffs have also been reduced. They will not have the manpower to inspect and verify as they have in the past. [Ref.19]

3. Objectives Not Achieved

NAVSUP, NRCCs and the field activities all agree that there are problems with the current system. One of those problems is that some of the major PMR objectives are not being met.

According to NAVSUPINST 4200.82A, the PMR Program Objectives include:

7.b. Ensure that the contracting function is being satisfactorily performed in accordance with applicable procurement regulations and ensure the integrity of business decisions.

7.d. To identify systemic problems within the NFCS and recommend solutions and improvements to the procurement process to better enable activities to perform their contracting function. [Ref.3,p.2]

These objectives are interrelated. The first one is a requirement to follow all appropriate regulations. The second one states if mistakes are made, they should be identified and the process corrected to prevent reoccurrence. The current PMR process has not been able to accomplish these objectives.

An interview and a facsimile message received from a top procurement official at the Naval Air Warfare Center, Weapons Division, China Lake, California reveals that:

When multiple PMR reports are reviewed, both from the single activity and across many activities, one begins to see that the same problems tend to persist year after year. This leads one to

suspect that the problems are systemic in nature.
[Ref.20,p.1]

To further support the fact that these systemic problems are not being resolved is provided by a review of the NAVSUP annual reports of the official PMR memorandum which are forwarded to the Assistant Secretary of the Navy (Research, Development and Acquisition) (ASN (RD&A)). From the 16 Dec 1992 report it is found that:

...inaccurate reporting of DD350 data, especially in the area of Procurement Administration Lead Time (PALT), and lack of /or insufficient responsibility determinations are *again significant findings this year*. [Ref.21,p.1 (emphasis added)]

A comparison of the 16 Dec 1992 and 26 Jan 1994 report shows that similar discrepancies were found in both years and determined to be significant by NAVSUP.

Six PMRS were conducted by NAVSUP for those activities with unlimited authority and discrepancies which were found which included:

- Improper preparation/submission of DD350s including calculation of Procurement Administrative Lead Time.
- Failure to obtain proper approvals and failure to prepare Justifications and Approvals (J&A) for Federal Information Processing (FIP) procurements.
- Lack of documentation and demonstration of the use of the General Services Administration (GSA) schedule has resulted in the lowest overall cost alternative to the Government.
- Failure to perform and document cost/price analysis and cost/price reasonableness in contracts, delivery orders and modifications.
[Refs. 21,22]

Two Hundred Ninety Three PMRs were conducted by field activities and significant findings included:

- Improper processing and administration of unpriced purchase orders.
- Failure to ensure requirements are properly screened and documented for availability from mandatory Government sources of supply.
- Inadequate pricing justification documentation and inadequate documentation of lowest Federal Supply Schedule price.
- Failure to comply with the requirements to utilize Small Business Set-Asides for Small Purchases by failing to dissolve and / or document the dissolution. [Refs.21,22]

The people within NAVSUP, NRCCs and NFCS activities realized that the current system does not effectively address these two major objectives of the PMR process.

4. Uniformity

The current PMR process has not been standardized into a uniform process. All NRCCs and all the PMR detachments and divisions to these NRCCs were contacted to obtain current copies of their PMR procedures. Responses were received from all but one PMR office. The responses were reviewed for uniformity and consistency with the other offices.

The overall goals and objectives of these different PMR offices were basically the same. Those goals and objectives included the areas of review listed in NAVSUPINST 4200.82A. This Instruction provided only a broad overview of areas to be reviewed including:

- a. Local Contracting Policies and Procedures
- b. Contract Review Board Process
- c. Legal Review Process
- d. Acquisition Planning
- e. Command Competition Program
- f. Justification & Approval Process
- g. Contract Clauses
- h. Source Selection Process
- i. Contractor Responsibility
- j. Pricing

- k. Administration of Service Contracts
- l. Small Purchase Methods
- m. Management of the Contracting Function
- n. Training - Mandatory and In - House
- o. Special Interest Items
- p. Small Business Program [Ref.3,p.3]

This Instruction further states that, "it is not intended to be all inclusive." [Ref.3,p.3] With the possible areas to be reviewed so broad, and with little further direction provided by NAVSUPINST 4200.82A or any other instructions, PMR teams have come up with different approaches to conduct the reviews. Although, the PMR teams attempt to help or assist the contracting offices they inspect, discrepancies in the way inspections are held, lead contracting offices into believing there are alternative reasons for inspections.

Some reviews provided lengthy check-off sheets which reviewed every type of contracting action in detail from Contracting Officer's Technical Representative (COTR) review procedure checklists to imprest fund and BPA checklists. There are good and bad aspects to checklists. One PMR inspector stated:

Checklists provide uniformity. However, they can become outdated quickly. They are beneficial for those inspectors who have not had much experience, do not know exactly what to look for or where to look for it. However, they should only be used as a guide because they represent only a portion of the entire process [Ref. 23].

NRCC San Diego only provided one page of PMR review criteria for their review process. These criteria were broader in scope than that of the NAVSUPINST 4200.82A. Some of the items listed on this review sheet included:

...correct execution of the contractual format,
evidence of challenges to questionable items and

overall quality of file documentation
[Ref.24,p.1].

Such broad generalizations of possible review areas may provide the reviewing activity room to cover all areas, yet they provide little insight or identification of what will be inspected for the activity which is being reviewed.

Another PMR team has a numerical rating system. It rates four major areas including pricing, management support and control, requirements discipline and contract administration. Within each of those areas a maximum amount of points are assigned depending on the results of the review. From the information received from the other PMR teams, no other PMR teams use this system.

Uniformity cannot exist in the PMR process, because inspection offices do not even approach the inspection the same way. Although the overall goals and objectives remain consistent, using different approaches may yield different results or at least emphasize different problems.

One area which was not addressed by any of the PMR teams was the determination of which files and how many files were to be reviewed. It has been common practice that all open contract files are subject to review. This does not mean that all of these files will be reviewed or that each of these files will be reviewed to the same extent. With the period between reviews being three years, field contracting offices can have hundreds of contract files subject to review as well as thousands of small purchase files. The use of statistical sampling techniques has been a proven way of selecting a portion of the total quantity of contracts and ensuring that those contracts adequately represent the overall population of contracts. [Ref.25,p.32] If statistical sampling techniques are being used, it was not provided as part of any PMR office review process.

C. SUMMARY

The four driving forces for change, reforming the acquisition process, right-sizing DOD, meeting stated PMR objectives, and creating uniformity are not the only reasons change is required but they are the major ones. NAVSUP has felt the pressure of these driving forces and is attempting to modify the current system. To meet these requirements for change, on December 28, 1993, NAVSUP forwarded a Quality Assurance Plan and Quality Management Review Guide to all of their activities. As stated in the introduction, the purpose of the Quality Management Review Guide is to:

...maximize efficiency of review while minimizing the size of review teams, and actual time spent on-site during a PMR [Ref.1,p.1].

Other purposes for the guide have been found. The first is to, "standardize the data collected by each activity in its quality process." [Ref.1,p.3] If this is achieved it should provide some uniformity to the contracting review process.

Another purpose for this guide is to incentivize NFCS activities to fix their own deficiencies. Many field activities know what their problems are. They do not need a PMR team to come in to show them what problems exist. A briefing held at China Lake, California, on May 2, 1994, for Naval Air Systems Command, stated:

PMRs and internal self-audits are useful in identifying problems we already know we have.
[Ref.26,p.5]

This chapter explained why change to the current PMR process is required. NAVSUP is attempting to meet these required changes with a new process which utilizes quality processes like Total Quality Leadership (TQL) and Quality Assurance (QA) techniques to measure, review and correct the

contracting process. The next chapter will discuss the history of quality, what quality processes are, why they are important and how NAVSUP will attempt to apply these processes to the contracting procedure.

III. NAVSUP'S QUALITY MANAGEMENT REVIEW PROCESS

NAVSUP is attempting to merge the traditional PMR process with QA reviews. The process from this merger will be called the Quality Management Review (QMR). [Ref.1,p.1]
NAVSUP states that they:

...would like to do a pilot test of QMR review in the spring of FY95 and we hope to implement the QMR process during October 96. [Ref.27,p.1]

What is quality and how can it be applied to the contracting process? To explain this, quality will be defined. Next, a brief history of quality processes will be provided. Some of the basic quality concepts will then be explained and finally, how quality is being implemented throughout the contracting process in NFCS to achieve NAVSUP's goal of maximizing the "efficiency of review while minimizing the size of review teams, and actual time spent on-site during a PMR" [Ref.1,p.1] will be discussed.

A. QUALITY DEFINED

Basically, quality can be defined in three ways:

- In absolute terms
- Relative to a perceived need
- As conformance with stated requirements
[Ref.28,p.381]

In absolute terms, quality is a function of excellence and intrinsic value, as determined over time by society. Gold, diamonds, "prime" beef are all considered to be of high quality.

In relationship to a perceived need, quality is "not the absolute quality of the item, but the suitability of the item in satisfying the particular need at hand."
[Ref.28,p.381]

To meet the need, specifications are developed. How well the product, material or service meets these specifications, is a final measure of quality.
[Ref.28,p.381]

B. HISTORY OF QUALITY

1. Industry and Commerce

The basic idea of quality has been around for a long time. The concept of division of labor in the production of goods and services was one of man's early attempts to improve quality. Evidence showed that ancient Egypt used labor specialization to build tombs as early as 1800 B.C. Since that time specialization has been used to improve quality.

Stoneworkers in ancient Greece had their tools sharpened by other workers whose only job was to sharpen tools, enabling them to focus exclusively on shaping the stones. [Ref.29,p.5]

Adam Smith's central idea of division or specialization of labor provided the framework for the industrial revolution. [Ref.29,p.5] Henry Ford, founder of Ford Motor Company, improved Adam Smith's central idea with the production line. However, neither Henry Ford nor William Durant, General Motors' founder:

...ever learned how to manage the huge, sprawling organizations that their success with assembly-line production both necessitated and made possible-the engineering, manufacturing, assembly, and marketing operations. [Ref.16,p.14]

Durant's successor, Alfred Sloan, stepped in and:

...created smaller, decentralized divisions that managers could oversee from a small corporate headquarters simply by monitoring production and financial numbers. [Ref.16,p.14]

As these factories and corporations grew, so did the specialization of departments like bookkeeping, personnel, payroll and shipping:

Functions such as finance, personnel, and engineering evolved within a pyramid or command type management structure....These functions operated within an organization that was not designed to maximize the production process.
[Ref.29,p.7]

Terms like suboptimization, compartmentalization and segmentalism have been used to describe less than optimal levels of production due to conflicting goals and objectives. [Ref.29,p.8]

Furthermore, as the number of tasks grew, the process became more complicated and the number of people in middle management grew. There was also an increased distance that separated senior management from the work which was being performed and the customers who received goods or services. These were two prices which companies paid for specialization. [Ref.16,p.16]

After World War II, the United States' industrialized organization model spread throughout Europe and Japan. The United States assisted companies to rebuild within their countries. Two key pioneers in the rebuilding efforts of Japan were Dr. W. Edwards Deming and Dr. Joseph Juran.

Dr. W. Edwards Deming taught the techniques of statistical quality control to the Japanese Union of Scientists and Engineers (JUSE) in the early 1950s. These techniques contributed to the creation of quality Japanese products. However, "there was a lack of top management attention to the quality issue." [Ref.30,p.18]

In 1954, Dr. Joseph M. Juran addressed 140 CEOs of Japan's largest manufacturing companies. His approach was not only to include the use of statistical quality control

techniques in the manufacturing process with the use of statistical quality controls but then to, "find the sources of our problems and then fix them." [Ref.31,p.43] Top management became involved in the process by:

- taking personal charge of managing for quality.
- training their entire managerial hierarchies in how to manage for quality.
- training their engineers to use statistical methods for quality control.
- providing their work forces with the means to participate in quality improvement. [Ref.31,p.44]

Though neither Deming nor Juran ever referred to their approach as such, some believe it has become what is now known as Total Quality Management (TQM). [Ref.32,p.110] Eugen H. Melan, a professor of Business at Marist College, who specialized in teaching production and operations management, stated that the origins of TQM are from the work of Armand Feigenbaum in the 1960's:

In his book, Total Quality Control, he points out that the quality of a product does not result solely from the manufacturing function. Other functions such as product development and field service also contribute to the quality of a product. [Ref.29,p.10]

No matter who the originator of TQM, the idea has caught on in industry and Government. There have been many different approaches to TQM since the early 1970's. Most of these approaches contain the same basic principles of top management commitment, education, continuous improvement, and employee involvement. Besides Deming, Juran and Feigenbaum, some of the most notable pioneers in this field are Phillip Crosby and his zero-defect improvement programs, Kaoru Ishikawa and his ideas on total quality control, and

Frank S. Leonard and Earl W. Sasser who have identified quality levers. Crosby emphasized behavioral issues in quality. He has best been known for popular concepts as "do it right the first time," "quality is free," and "zero defects." [Ref.33,:p.8] He developed a fourteen step approach involving, "management commitment, organization (quality councils), costs of quality, problem resolution, and participant recognition." [Ref.29,p.10]

Not only has Ishikawa promoted the concept of total quality control, he was also known for "recommending use of quality circles and cause-and-effect diagrams by workers and frontline supervisors" [Ref.33,p.8].

Leonard and Sasser claimed that management must decide which choices to make to improve quality. They first must be identified and then make the decision to implement a program. Therefore, identification and choice are the levers management have to make quality improvements. [Ref.33,p.8]

Ideas and concepts continued to develop on this subject of TQM. Quality has always been an integral part of all business plans and strategies because "Quality failures lead directly to costly difficulties that reduce productivity, profit, and often market share" [Ref.28,p.409].

Crosby has reemphasized this by stating that:

Given the chance to explain quality management to people who will listen, regardless of their motives, it is possible to make a case for becoming deeply involved. No other action a manager can take *will generate improved operations, increased profits, and reduced costs so quickly with so little effort.* [Ref.34,p.15 (emphasis added)]

But what about quality within the DoD and more specifically the United States Navy (USN)? How has the USN used TQM in performance of their mission?

2. Department of Defense and the Navy

The history of the application of TQM concepts for military purposes can be traced back to World War II and Dr. Deming. Dr. Deming was part of a committee tasked by the War Department to apply statistical analysis to war materials. Its intended purpose was to control the quality of materials and manufactured products. This committee developed three standards based on Dr. Walter Shewrt's work which analyzed variations to products over time during a production process. Dr. Shewrt called this method the control chart. The control charts revealed two main characteristics. The first was the tendency for all products to remain approximately the same size, shape and dimensions as the other products which were being sent through the manufacturing process. The second was that although these products tend to remain the same, there was variation in them. This variation was called the spread. The spread was measured by how much a specific product deviated from the average of the other products. Dr. Deming developed and taught these methods to over 31,000 students from the Government procurement arena in a comprehensive statistical quality control course. [Ref.30,p.16]

The first major recent use of TQM specifically for the Navy was in the middle 1980's. Rear Admiral John Kirkpatrick, who was a student of Deming, applied these principles to the six Naval Air Rework Facilities (NARFs), (subsequently the name has been changed to Navy Aviation Depots (NADEPs). This success led to the spread of TQM in other elements of Naval industrial facilities. Early successes were evidenced by many awards won by the Navy in Quality Management including:

- President's Award for Quality and Productivity Improvement

Naval Air Systems Command (1989)

- Quality Improvement Prototype Award

Cherry Point Naval Aviation Depot (1988, 1993)
Norfolk Naval Shipyard (1989)
Navy Publications and Forms Center (1989)
Lakehurst Naval Air Warfare Center (1993)
Keyport Naval Undersea Warfare Center Division (1994)

- President's Council on Management Improvement Excellence Award

Norfolk Naval Aviation Dept. (1990) [Ref.35,p.14, Ref.36]

Due to the success of the Naval industrial facilities, the Secretary of the Navy established the Department of the Navy (DON) Executive Steering Group (ESG) in 1989 with the overall purpose of applying TQM throughout the Navy.
[Ref.37,p.15]

In August of 1990, the Chief of Naval Operations (CNO), Admiral Frank Kelso, forwarded a memorandum to all flag officers. The memorandum directed the officers to adapt TQM's management philosophy, "its approach and techniques to the Navy operational environment--its processes, procedures and 'products.'" [Ref.38,p.1]

Admiral Kelso's memorandum also changed the name of TQM to Total Quality Leadership (TQL) for application in the Navy because "of the unique role that Navy leadership plays in developing and implementing our operational objectives."
[Ref.38,p.1]

Also this memo listed TQL's primary thrusts as:

- the continuous improvement of quality;
- total commitment to meeting the needs of the "customer";

- emphasis on improving product quality through improvement of process;

- focus on leadership, training and personnel management. [Ref.38,p.1]

Admiral Kelso and others had come to realize that although the original purpose of total quality was to be used in industrial applications, these techniques can be applied to other areas as well, like business and Government.

In the 1980's, Dr. Deming came out with fourteen points of TQL. These points were offered as a guide for better management of all organizations [Ref.39,p.12]. Using these points as a guide, the CNO adjusted them and applied them for our needs in the Navy. Exactly what these points are will be brought out in the next section describing quality concepts.

In summation, quality has been defined and the history of quality control has been discussed as well as the goals and objectives of using TQL in the United States Navy. The next section presents the fundamental quality control concepts. The final section discusses how these concepts have been applied to NAVSUP's PMR process.

C. QUALITY CONCEPTS

This section explains some of the most frequently used quality control concepts. These concepts can be explained in many different ways. For the purposes of this thesis, they have been broken down into two major sections: technical and statistical tools, and the management of those tools. The first concept of technical and statistical tools is used to measure a process. Once the process is measured, or the determination of which processes to measure is made, the application of the second quality concept, management of quality control systems must be applied.

1. Technical and Statistical Tools

To control the quality of production materials entering a manufacturing or assembly operation, American industry historically has utilized a defect detection concept. [Ref.28,p.386]

There are three problems with a defect detection system. First, there tends to be duplication of effort through the use of inspections. Material is inspected upon receipt of raw materials before the process begins. It is also inspected during the process and after the process to ensure conformance to stated requirements. The finished product is then again inspected by the customer or purchaser. The next major problem is that large numbers of items are inspected. The third, and most important, problem is that defective items are only found after completion of the production process. [Ref.28,p.386-387]

Other quality books refer to this as a reactive process. It has often been stated that you can not inspect quality into a product. [Ref.30,p.60] "The system for causing quality is prevention, not appraisal." [Ref.40,p.73]

Another way to instill quality is through in-process controls which prevent defects from occurring. Deming was one of the founders of this process. Many others have expanded on this basic premise of preventing defects from occurring. Recall what the definitions of quality are. Either it can be how well the product or material or service meets the specifications, or it can be how well the item satisfies the need. The second definition is TQL. The first definition is attempting to inspect quality into the product. It either conforms or it does not. The customer's desires, however, are never considered in the first definition of quality. In reality, the customer's desires are of greater importance. Juran delineates this key distinction when he states, "The Japanese focused on

customer needs rather than on mere conformity to specifications." [Ref.31,p.46]

This approach monitors the output of a process as it occurs and identifies unacceptable process changes soon after they occur, often before any defective items are produced. [Ref.28,p.387]

The following provides a few of the proven technical and statistical quality control tools which can be part of an overall quality control system.

a. Process Capability Analysis

The natural capability range for the process must be determined. Chance or common causes will produce random variations in the output. As a repetitive process continues, the output will collect around the mean or average quality level. This level is known as the natural tolerance range of the process. This natural tolerance range is said to be "in control" as long as it remains collected around this mean. As the repetitive process continues, the process and results of this process, should remain in control as long as it is not affected by any outside nonrandom forces and the process is continually checked and adjusted or tuned when required. [Ref.28,p.389]

b. Statistical Process Control

Nonrandom variations force the system out of control. The following provides examples of why processes go out of control in a production process:

Machines go out of adjustment, cutting tools become dull, the hardness or workability of the material varies, human errors become excessive.
[Ref.28,p.392]

Statistical process control (SPC) has the ability to detect these changes when they occur. The process can then be stopped, investigated and fixed at this time before additional mistakes are made. To utilize SPC correctly, it

must be able to track previous and current performance. Control charts like the ones which were discussed in Section B. 2. of this chapter are used for this process. Measurements must be taken, interpreted, and when required, the process must be stopped to make adjustments to bring the process back "in control". Training and education of operators of the system is paramount for this system to be effectively used. [Ref.28,p.392-395]

c. Statistical Sampling Inspection Concepts

Knowing what and when to inspect is of critical importance. Inspecting takes time and also stops or slows the process. On the other hand, not inspecting leads to production of items which are not "in control". Statistical inspection sampling has been proven to be an economical and efficient way of inspecting. The size of the inspection sample is based on two factors:

- How critical the quality characteristic in question is, and
- The economics of the situation [Ref.28,p.399].

If there is no room for error, or the product must not be defective, then all items or products must be inspected at least once and statistical sampling is not applicable and therefore can not be used.

Furthermore, it must be understood that if statistical sampling is used, certain inherent qualities and conditions will exist. They include:

- Exact location of all defective parts or processes will not be able to be determined. This process will only provide an acceptable quality level over the long run.
- Production must be produced under nearly identical conditions.

- Random samples must be able to be drawn from the lot or group.
- The quality characteristic must be identifiable to the inspector.
- The larger the size of the lot, the better the sample inspection will represent the quality of the group.
[Ref.28,p.400]

d. Operating Characteristic Curve (OCC)

"The performance ability of every statistical sampling plan is described by its operating characteristic curve" [Ref.28,p.401]. Operating characteristic curves provide the probability that a lot will be accepted given a specific percentage of defects within the lot. It is a valuable tool for operators and managers to use and understand because it tells them the percentage of defects that they are not catching and allowing to slip through the system.

2. The Navy's Endorsement of These Systems

The Navy reiterates and supports the use of technical and statistical tools. Admiral Kelso's memorandum dated August 1990, includes fourteen points of TQL. The ones applicable to the use of statistical and technical tools in order to better perform our mission include:

- Use analytical methods to understand and improve your jobs. Graphs and charts, properly used, are invaluable tools in this effort.
- Unless we recognize the problems we cannot improve.
- All hands, from seaman to admiral, must learn and use TQL.
- Inspect smarter. Inspections should be methods of learning and improvement rather than threatening events. [Ref.38,Enclosure 1]

3. Management of Tools

Strategy is the game plan for achieving a goal and deployment is a method for transforming TQM strategies into actions. Technical and statistical tools are of little use if not deployed properly. The strategy of how to use these tools, which tools to use and when these tools are deployed are critical for the success of TQM. It is the manager's responsibility to make these key decisions. [Ref.29,p.148] Some of the major features of the management of these technical and statistical tools are discussed in the following paragraphs.

a. Top Management Commitment

Management commitment is required for many reasons. First, they are the ones who promulgate change. Also change is not always welcome. To facilitate change, management needs to provide consistent leadership, support and involvement. DOD is providing top management commitment quite different from the traditional bureaucratic approach. "DOD is not mandating it by directive, regulation or 'how-to' procedures. Instead, DOD is implementing via leadership." [Ref.35,p.9]

b. Education and Training

This area cannot be over emphasized. It is the workforce who must use these technical and statistical tools to take measurements, but to be used effectively, the workers need to understand why they are taking these measurements and what they are looking for. The measurements in and of themselves are not useful at all:

This (employee education) required an investment of time and money by the organizations involved in quality improvement, but it results in quantum leaps in improvement. [Ref.40,p.116]

"Training in both job-specific and quality-related matters is an integral part of TQM." [Ref.28,p.147]

c. Continuous Improvement

Continuous improvement is an essential feature of TQM. "Quality improvement is viewed by practitioners as a journey-a never-ending process." [Ref.30,pg.145] Japanese call this kaizen, or continuous incremental improvement. "Quality improvement seeks steady incremental improvement to process performance." [Ref.16,p.49]

d. Employee Involvement Empowerment

The employee is the key to success of this system. They are the ones who are doing the work. They know what the problems are. Phillip , B. Crobsy states that:

...in a hassle-free company the employees have confidence that the management respects them and needs their output. They know that the requirements of the job are clearly stated, and they have had the opportunity to make inputs to that statement. [Ref.40,p.24]

Eugene Melan states:

In firms, employees are the crucial factor in quality improvement. Management must ensure that employee buy-in to TQM occurs because improvement is developed and implemented by the employees. [Ref.29,p.143]

Vice President Al Gore states, "We must allow the people who face decisions to make decisions." [Ref.15,p.91]

4. The Navy Supports Management Tools

There are many references and examples which could be used to demonstrate how the Navy supports these key critical management elements of TQL. However, the fourteen points of TQL provided from the CNO's memorandum dated 13 August 1990 provide the most concise support.

a. Top Management Commitment

- Quality is the essence of TQL. Insist on quality performance and material. Do the job correctly the first time.
- The most important aspect of the Navy's TQL program is support from the top.
- Be a leader. Your job as a supervisor is to be a guide and assist your people.
- The leader gets his people the tools and training they need to do their jobs correctly.
- Demand quality, not quotas. [Ref.38, Enclosure 1]

b. Education and Training

- Words alone don't solve problems. Look first at the process and the system for faults and solutions, not the people. Improve the process, train the people.
- Quality training is the key to success. People must be fully trained to do their jobs. You are never too senior to learn.
- To do your best is not good enough unless you are properly trained to do the job. [Ref.38, Enclosure 1]

c. Continuous Improvement

- All improvements, big and small are important.
- All suggestions for improvement must be explained and action taken or rejected by the leadership.
- Continuous improvements in processes to produce continuously improving results. [Ref.38, Enclosure 1]

d. Employee Involvement Empowerment

- Create an atmosphere of trust and open communication where everyone shares a sense of pride in their work.
- Get fear out of the work place. Create an atmosphere in which people tell you what is wrong in order that it can be fixed.
- We need to reward people who have the courage to tell us what they see that needs improvement so we can get better.
- We are a team. We must work together across departments and commands. [Ref.38, Enclosure 1]

These are critical elements of any TQL program or process. Other elements would include open and effective communication throughout and across organizations, and customer orientation and service to the process and procedure. The next section addresses how NAVSUP's QMR process can and does address these quality requirements.

5. NAVSUP QMR Implementation

Although TQM concepts were established for industry and production applications, and TQL concepts were originally established for Naval Industrial facilities, these quality control systems can be applied to the service industry as well. The Strategic Planning Institute states:

Today, the principles of quality management are similar for product and service businesses. Traditionally, services were viewed as different. Since service is consumed as it is produced, final quality cannot be assured by inspection; process control is the only available method.
[Ref.41,p.61]

Also Eugene H. Melan states,

Today TQM...involves not only activities that improve the product or service but also all the supporting activities of a firm, from secretarial services to groundskeeping and maintenance.
[Ref.29,p.11]

The CNO's memorandum of 13 August 1990 gives examples of where it is being applied outside the industrial arena. Admiral Kelso states:

In the Navy, the Secretariat is applying these principles to the acquisition process, and numerous Navy shore commands have already adopted its methods with positive results well beyond original expectations [Ref.36,p.2].

Because of the drive towards TQL and the reasons stated in the previous chapter that change is required to the current PMR system, NAVSUP is currently attempting to implement one of the first Navy QMR systems. The first step towards successful implementation of any quality program is motivating and creating a willingness to change. It has been shown that, "motivation is short-term in effect." [Ref.34,p.266] The goal in quality is, "to install a long-range, permanent attitude-adjustment change in discipline." [Ref.34,p.266] However, this change in discipline must start at the top. NAVSUP is attempting to commence this change and incentivize the NFCS to use TQL by stating in their 28 December 1993 letter that:

Activities that have successfully implemented a QMR system meeting the standards provided here will retain the higher levels of business clearance authority and receive a streamlined PMR. [Ref.1,p.1]

To maintain a structured approach while reviewing this system, the quality control systems will be analyzed utilizing the same format as previously discussed, broken down into technical and statistical tools which would or could be applied to the current contracting process. Next, the management of those tools will be reviewed.

a. Technical and Statistical Tools

As introduced in Chapter I, the mechanism used to measure performance for the QMR system will be the templates or Appendix B. Appendix B originated as those templates listed in the December 28 1993 letter for measuring specific areas of the contracting process. These templates are the tools which will assist in the success of the QMR process for many reasons.

First, they will provide uniformity for all of the NFCS. Uniformity is achieved two ways. The first way is that it "standardizes the data collected by each activity in its quality process" and the second is that it provides "a generic template or guide for each topic or measurement point." [Ref.1,p.3]

They will be the key indicators upon which all employees, from managers to inspectors to contracting specialists will focus their efforts. These are the areas or the processes each individual office will be attempting to improve because if applied properly, they will measure quality in the contracting process.

These templates should be used the same way other technical and statistical tools are used. They should be used to measure, validate and re-measure specific areas of the contracting process. Depending on the results of the measurements and the established goals for NFCS, adjustments should be made to achieve contracting process goals.

(1) Process Capability Analysis. This is developing the baseline. Section E of each template describes the baseline for each area to be reviewed or its goal. The baseline must be developed by addressing the customers' needs. For example, if the customer does not require the material it is requisitioning for three months, it would provide no additional value for the contracting shop to work overtime, award the contract and get the

material delivered this month. Once developed, this baseline must be evaluated to determine if the natural range is acceptable or "in control." Section D of each template should delineate what the goal is. To determine if and when the goal is accomplished, the goal should be some specific number, either a percentage or number. If the process is "out of control" it then requires adjustment.

(2) Statistical Process Control. SPC's basic concept is that when processes get out of control or tolerance they are stopped and put back in tolerance at this time. This is one of the major goals of the QMR program. If mistakes can be corrected when they occur, they will not be compounded into bigger problems and rework will be minimized. Also, identification of the mistake is the first step in utilizing a learning tool. Ideally, every action should be evaluated when performed, to make the determination that the process is correct. If it is incorrect, it can be corrected at this time. However, this process is time consuming. An organization can get to the point where more time is being spent verifying the work, then actually working. It is at this point, where trade-offs must be weighed and decisions must be made on what to inspect and at which points. Some of the QMR review templates which apply SPC principles are requisition package review, solicitation preparation and solicitation amendments. The requisition package review process goal is to increase the number of requisitions accepted on the first attempt. To accomplish this goal, a close working relationship with the customer must be established. The success of this goal should benefit both the field activity and the customer. The customer will feel better because they will not have to rework their request and therefore receive their material or services quicker. The field activity will be providing better customer service by not

having to reject as many requirements. Once an acceptable level of success is met, it should be reviewed periodically to ensure the established goal is maintained. Perturbations at either the contracting activity or customer activities can cause this process to go "out of control."

The solicitation preparation template addresses the ability of the contracting officer and or specialist to draft the solicitation properly the first time. All forms of training are paramount to this objective. It is also important that the personnel conducting the review, the legal department and the contract review board (CRB) are using updated references and are knowledgeable on the subject. Once again the objective is to minimize the amount of rework which must be done, which in turn saves time and money.

Solicitation amendments in and of themselves are not bad. However, they should be reviewed for number and content. It could be that the CRB, legal office or the contracting officer missed something in the solicitation which had to be added or modified at a later time. If this is the case, then the CRB and legal procedures should be reviewed. It could be that the requiring activity adjusted their requirements slightly which would not indicate a defect in solicitation preparation of the contracting officer. Once again, the overall goal should be to minimize the amount of rework which is required to accomplish the task.

(3) Statistical Sampling Inspection. This concept examines what portion of the whole must be reviewed to determine that a representative sample has been examined. Each template is designed to provide a sample size. "In some cases, it is appropriate for a percentage sample of less than 100%, but other processes may require 100%."

[Ref.1,p.4] As previously mentioned, "how critical the

quality characteristic in question is and the economics of the situation," must be determined [Ref.28,p.399]. If the goal is to ensure that complete, accurate solicitations are issued the first time, and this is an important goal, then all solicitations should be reviewed prior to release. It should be noted that a contracting office can have only one most important goal, and as one travels down the hierarchial path of established goals, not all goals will be able to be reviewed all the time. For example, attempting to review every small purchase award may be prohibitive due to the number of awards which are made and the amount of supervision available.

(4) Operating Characteristic Curve (OCC). The OCC only applies to an inspection of less than 100% of the lot or the process. As stated previously, they are important because they tell managers and workers what percentage they are allowing through the process with mistakes. As long as this percentage is acceptable there is not a problem. If a NFCS activity desires to increase a goal, for example the number of requisitions accepted on the first attempt from 90% to 95%, and currently the NFCS is using a statistical sampling technique, they may have to increase the number of requisitions sampled to achieve this goal.

b. Management Application

As in any quality system, the application of the technical and statistical tools or templates could be more important than the templates themselves.

(1) Top Management Commitment. NAVSUP has started the process by providing the QMR guide to all NFCS in December of 1993. On 6-7 April 1994, a workshop with all major activities was held to review the guidance issued in December 1993. NFCS activities "voiced concerns of the usefulness of in-process measurements and the resources

required to accomplish data collection and analysis."

[Ref.43,p.1] Due to these concerns only four templates were agreed to be incorporated at all NFCS activities. Other templates and areas could be added voluntarily now, and may become mandatory in the future. The four required templates for all NFCS activities are:

- Award Date verses Milestone Date
- Solicitation Amendments
- Business Clearance
- Completeness of Purchase Request

Since this time, all NFCS activities have submitted quality plans which have been approved by NAVSUP. Data collection commenced on 1 July 1994 and QMRs will commence in October, 1994.

In order to achieve success, top management commitment will be required because problems will surface with the implementation of this system. Potential problems could include one or a group of regulations or statutes. These requirements are established for a specific reason and perhaps this reason is not applicable any longer. However, they may need to be reviewed. Top management commitment all the way through NAVSUP must provide support in changing or deleting outdated or unnecessary requirements. Changing specific rules or regulations may allow greater efficiency in the work place. Without top management support, the employee remains unempowered and is unmotivated to improve. Another possible example of top management support is in the use of computer systems. Currently nearly all NFCS activities use a system called Automation of Procurement and Accounting Data Entry (APADE). There are many different versions of this system out in the field. It is an old system which could be improved. NAVSUP is currently working

with DOD to create a single more powerful and user friendly system. However, it is not expected to be implemented for approximately five years. Because of this planned change, NAVSUP does not want to spend more money updating the old APADE system. [Ref.43] In the meantime, NFCS activities are not as productive and efficient as they could be. It is paramount that DOD and NAVSUP expedite this process in order to motivate and empower employees. Carol Latt, the PMR director for NAVSUP, understands these problems exist in the field. She further understands that cultural changes are required throughout all of NAVSUP and their field activities to implement TQL. She has stated that in the past, NAVSUP has been a "compliance checker," ensuring all rules and regulations were followed and forwarding this information up the chain of command. Currently, NAVSUP is changing its role to a reviewer and manager. Their objective is to understand the problems of the field offices and help them address their shortcomings.

(2) Education and Training. As mentioned in Chapter II, the DAWIA requirements were established to "create a body of well-educated; trained and dedicated acquisition professionals." [Ref.14,p.53] However, training does not stop here. The majority of the training required by DAWIA pertains to the fundamentals of contracting, not to TQL and applying quality concepts. Recall that, "training in both job-specific and quality-related matters is an integral part of TQM." [Ref.28,p.147] Basic TQL training should be provided for all employees. Training on ethics and standards of conduct is also required. Each NFCS office should have an all-encompassing training and education program to fit its employees' needs. As Admiral Kelso stated, "To do your best is not good enough unless you are properly trained to do the job." [Ref.38, Enclosure 1]

Training must be on the job and as it occurs or as it is applicable. When mistakes are discovered, the root of the problem must be determined. The following questions should be addressed:

- Why was the mistake made?
- Is the same person making the same mistake?
- Is the same mistake being made within a division?
- Is the same mistake being made throughout the department?

To minimize the corrective action, the root of the mistake should be found as soon as possible and all personnel should be trained to address and correct the discrepancy.

The Navy Acquisition Procedures Supplement (NAPS) provides that:

The PMR program is utilized to assist the ASN (RD&A) in his role as the Navy's Senior Procurement Executive by performing such tasks as:...*Evaluating the training and career development of the procurement workforce.* [Ref.44,p.21 (emphasis added)]

NAVSUP Instruction 4200.82A states that one of the PMR objectives is to, "Provide training to NFCS activities in accordance with DOD career development training policies and requirements" [Ref.3,p.2]. Because education and training is so important, training and educational programs will continually be reviewed during QMRs.

(3) Continuous Improvement. Although NAVSUP does not specifically address this issue, it is implied. Two field activity Quality Management Programs (QMP) address this goal. NRCC San Diego's QMP states that the review will consist of "continuous process evaluation, analysis and re-evaluation of contracting processes through implementation

of the procedures set forth on the QMR templates"
[Ref.45,p.1]. The plan for the Fleet and Industrial Supply
Center (FISC) at Jacksonville, Florida states that:

All areas will be analyzed using statistical techniques to determine problem areas which require additional training or corrective action....The ultimate goal of the FISC Jacksonville Quality Assessment Program is to foster an environment of *continuous improvement* in the Large Purchase Contract Support for our customers. [Ref.46,p.10 (emphasis added)]

The data format on each template should provide an overview to determine if improvement is continuous. Line, bar or pie graphs could be used to display this information. The graphs themselves should not be solely relied upon. What the data as a whole actually means is of more importance. An example is Procurement Administrative Lead Time (PALT). Historically, this measurement has been used as an indicator to determine how well the customer is being served. What it actually measures is how long it takes from the time of receipt of the requirement to time of award of a contract. What it does not measure is the number of times the contracting office has had to reject the requisition due to lack of information, improper funding or other reasons. It also does not measure the number of modifications which have been made to the contract once awarded because it was rushed through the system. The most important area it does not measure is if the customer received the right product or service he needed in his required time constraint. As you can see, attempting to state that high customer satisfaction is equal to a low PALT is incorrect. On the other hand, if it could be safe to assume that a high PALT leads to low customer satisfaction.

NAVSUP has addressed this specific problem by establishing a QMR template called award date versus

milestone date. The use of this template along with others, like the requisition package review process and the timely receipt of appropriate supplies or materials templates, will provide a more accurate assessment of overall customer satisfaction.

It may also be determined that as one area demonstrates continuous improvement, other areas may also be affected. As in the PALT example, PALT may decrease due to a decrease in the number of solicitation amendments, a decrease in the number of improper Justification and Acceptance (J&A) exceptions, a decrease in the number of protests or decreases in other areas. It therefore behooves the prudent contracting manager to review the control charts individually and as a whole.

(4) Employee Involvement, Empowerment. Each template designates a section for a responsible party. This party must have the authorization and power to recommend changes. As stated previously, "we need to reward people who have the courage to tell us what they see that needs improvement so we can get better." [Ref.38, Enclosure 1] Achievement of this goal must be done in stages. The employees must be trained and educated to understand the process and the goals:

Every employee of the company, without exception, must have a complete education in the understanding of quality and what it means to him or her and to the company. [Ref.40,p.161]

Next the employees must be given the opportunity to make changes. "The creative force of any organization lies in its professionals" [Ref.40,p.159].

The next step is to reward success. The Gore Report on Reinventing Government quotes Mayor Ed Rendell of Philadelphia saying:

It's not hard to change incentives so that public employees save money. When the Department of License and Inspection beefed up collection and enforcement efforts and generated \$2.8 million more than expected in 1992, Rendell said, the city let the department keep one million of the savings to hire more inspectors and, in turn exceed the \$2.8 million in 1993. [Ref.15,p.110]

Another major problem is that not every idea is a good one. Rewarding every idea is not the objective. Empowering employees is the objective:

If someone in a functional department actually has a new idea...he or she first has to sell it to the boss, who has to sell it to his or her boss, and so on up the corporate hierarchy. [Ref.16,p.28]

If any one along the hierarchy disagrees, the idea is killed, "to safeguard against change that might introduce unwarranted risk." [Ref.16,p.28] However, punishing bad ideas is worse:

Management systems should reward people who try good ideas that fail, not punish them....An organization that demands constant perfection discourages people from striving and makes them timid. [Ref.16,p.106]

Here again, top management commitment must intervene. First, management must be willing to try new ideas. "All improvements, big and small are important." [Ref.38, enclosure 1] Second, if success is achieved it must be rewarded. Next, the solution may not succeed or cause complications in other areas. Top management must look at the big picture and decide what is best for the whole. Finally, if a proposed solution does not succeed, management must be able to recognize that it is not successful and try something else. However, as LeRoy J. Haugh, Vice President for Procurement and Finance for Aerospace Industries

Association of America, Inc., states, "Nothing worthwhile will change unless assurance is given to make mistakes."
[Ref.48]

D. SUMMARY

This chapter provided a description and history of TQM and TQL for the Navy. It also showed how the Navy has challenged all commands to implement these key TQL concepts across all functional areas, including contracting. NAVSUP is attempting to implement a TQL framework for all their NFCS activities. It should be noted that the use of TQL concepts is not applicable to all procurement areas for at least two reasons:

- Due to its nature, "in process control" can't occur for every contracting action.
- There are so many contracting actions which are required to award a contract it would be prohibitive to review them individually.

The next best alternative is to review each contract at key milestones. The field contracting activity at Jacksonville, Florida has established the following key milestones for review:

<u>Milestone</u>	<u>Review Conducted By</u>
Before Synopsis	Small and Disadvantaged Business Utilization Specialist (SADBUS)
Before Solicitation	Legal Office Contract Review Board (CRB)
Before Award	Legal Office Contract Review Board (CRB)

Although the mistakes would not be found at the instant they occur, they would be discovered prior to compounding the problem. For example, amendments to solicitations due

to mistakes or omissions of key clauses should be minimized with this system. In addition, NFCS activities may be instilling an incorrect process or procedure. This can occur for many reasons. First, interpretation of rules and regulations differ. There are a multitude of requirements to be met for all contracting actions. Placing greater emphasis on some areas may lead to not adhering to other areas as closely. Another possible reason mistakes can be made is through the interpretation of all the rules and regulations. Still another reason mistakes maybe occur is that the procedures may not be current, accurate or complete. The only way to ensure compliance is to verify each activity's procedures.

It is for these reasons that TQL was never planned to replace the QMR process. TQL is designed to assist the QMR process by decreasing the manning requirements for inspections. The use of TQL concepts wherever possible will assist inspection activities in narrowing their area of review. It will also provide the activity which is being reviewed a better idea of what to expect from the inspection, and provide in-process controls and objectives which can be used between inspections. In view of the fact that reviews will still be required, the next chapter will provide a framework for conducting the QMR.

IV. CONDUCTING THE QMR

As stated in Chapter II, there currently are no regulatory or statutory requirements for conducting PMRs. It is therefore not surprising to find that:

There is currently neither a prescribed government wide methodology for conducting such reviews nor uniform standards for measuring the quality of an agency's acquisition performance. [Ref.25,p.1]

Martin I. Kestenbaum and Dr. Ronald L. Straight developed this guide for the assistance of reviewing Government procurement offices. This review guide has been utilized in developing individual Government agency review programs. The Defense Procurement Management Review Program from the Defense Logistics Agency (DLA) dated May 1989 has many of the same forms and checklists which are found in the Logistics Management Institute (LMI) review guide dated December 1990. The following review procedures utilize information found in both of those guides and applies the previously discussed TQL principles to create a recommended QMR review procedure for NAVSUP and all of their contracting activities.

Success of the QMR process is dependent on several factors. Goals and objectives must be established and promulgated by NAVSUP, for the PMR team and all NFCS activities to reach. Implementation of the templates and an overall QMR plan at all field offices is also required. There must be adequate preparation for the QMR as well as standardized procedures to follow while conducting the QMR. Finally, precision execution of a tight QMR schedule is required to complete the review in three days. This chapter will address each of these areas in sequential order.

A. GOALS AND OBJECTIVES OF QMR

As previously stated, NAVSUP's main goal for implementing the QMR system is to, "maximize efficiency of the review while minimizing the size of review teams and the actual time spent on-site." [Ref.1,p.1]

More specific goals and objectives of the QMR system have been brought out and explained in previous chapters. These goals and objectives include:

- An objective analysis of the management effectiveness of NFCS buying organizations.
- Verification of legal and regulatory compliance.
- Verification that management is providing adequate training.
- Verification that DOD/SECNAV/ASN(RD&A) policy initiatives are disseminated, understood and implemented.
- Identification and transmission of successful management innovations among NFCS commands. [Ref.8,p.2]
- Streamline the acquisition review process and provide increased review and approval authority for business clearances. [Ref.1,p.1]

B. IMPLEMENTATION OF THE TEMPLATES

Appendix B outlines thirteen templates. The first four are currently required to be implemented at all NAVSUP field activities. [Ref.43,p.2] The other nine have been derived by other field activities, NAVSUP, the Navy Leadership School and the researcher. Currently, these other nine are optional but they may become mandatory in the future. These templates form the basis and are the key tools of the QMR program.

As previously stated, the overall objective of TQM is to instill quality through in-process controls which prevent defects from occurring. It is too costly to measure,

analyze and make adjustments during every step of the contracting process. However, there are three key milestones to all large contracting procedures in which a review process can be established to minimize mistakes.

The first key milestone is the receipt of the requirement. The "Review of the Purchase Request" template and establishment of good customer service relations including estimated milestones for award of the contract are critical at this stage. This QA template must be utilized at this stage to circumvent further complications and mistakes in the contracting process.

Release of the solicitation is the next major milestone. During this timeframe, templates labeled "Synopsis," "Presolicitation Documentation" and "Justifications and Approvals for Timeliness and Accuracy" can be used to verify that the proposals are current, accurate and complete prior to release.

The last major milestone is the award. Prior to the award a final check can be performed using "Business Clearance," "Solicitation Amendments," "Negotiations" and the "Legal Review" templates to ensure a good quality product, the contract itself.

Not everything will be known prior to the award of the contract. Therefore, some after-the-fact reviews will have to occur. The templates which can be used during this period of review include "Protests," "Contract Administration," "Contract Modification," "Customer Satisfaction" and "Award Date Verses Proposed Milestones."

These are twelve of the thirteen templates. The last one is for small purchase review procedures. Due to the number of contracts which are awarded and the short time-frame they are awarded in, small purchase review procedures would occur after the fact or award of the contract.

At these four key milestones (receipt of the requirement, prior to the release of the solicitation, prior to the release of the award, and at completion or receipt of the material), these templates or quality checks will be required. It should be noted that not every contract will have to be reviewed using every template or even every milestone. Some templates will not apply to all contracts. For example, not every contract will be protested and not all contracts are negotiated procurements. Furthermore, not all contracts are required to have a business clearance review prior to award due to dollar amount and type of contract. However, a statistical sample of these contracts which have not been reviewed by the contract review board should be obtained to ensure overall compliance and integrity of the QA system.

C. QMR PREPARATION

Due to shortened time span of the review, proper and adequate preparation is paramount for all QMRs. The QMR team must have a good understanding of each activity. Where does this NFCS activity currently stand? This would include the specific activity's perceived strong and weak points. This is required so the QMR team can focus in on these specific areas. A contracting activity profile (CAP) is required to be established for each NFCS activity which is being reviewed prior to arrival. The QMR team has many sources of information available for them to use to develop this profile in order to concentrate their review. These sources of information can be found from within the NFCS activity which is being inspected and from outside sources. Sources of information which can be used to build a profile of this specific NFCS activity are discussed in the following paragraphs.

1. Previous QMR Reports

To begin with, the QMR team can utilize the previous QMR report. Negative or adverse findings will be required to be addressed by each activity in their monthly reports to NAVSUP. NFCS activities will be required to address the specific changes to the current process they are making to correct or ensure compliance of found discrepancies. Some of these changes could include increasing the number of contracts reviewed, the number or types of review, or training, either on the job or in the classroom, which specifically addresses this shortcoming. This report along with follow-up letters and actions which the NFCS activity has taken to improve their process can be used to gain an understanding of where each NFCS activity currently stands.

2. The Annual QMR Letter

The "Annual Report to the Procurement Management Review Program" letter which is forwarded to ASN (RD&A) can also be used for determining specific areas for review. Copies of this report along with NAVSUP Special Interest Items should be forwarded to all NFCS activities at least annually with a cover letter by NAVSUP or the QMR team which represents NAVSUP. This cover letter should inform all NFCS activities of progress which is being made as a whole for NAVSUP and areas still requiring work. Also included in this package should be templates or checklists which could be used to correct deficiencies or assist NFCS activities in making improvements.

3. Requesting Additional Information

A letter requesting additional information and announcing the QMR's arrival addressed to the Commanding Officer can also provide valuable information for determining what areas and how much to inspect. This letter should be forwarded to the inspected activity not later than 50 days prior to the arrival of the inspection team. This

letter should delineate the estimated number of reviewing officials on the team, their social security numbers and ranks or grades. This information is helpful for the NFCS activity which is being reviewed in order to logistically prepare for the review. Logistics considerations would include, transportation, housing, security and parking. Also included in this letter should be the estimated date of arrival, departure, and that a debriefing will be held with the head of contracting activity and commanding officer prior to departure to review significant findings. The debriefing will be followed up within the next three weeks with a written report of the major findings of both a positive and negative nature.

The second part of the letter provides details about the areas to be reviewed. Appendix D, "Contracting Activity Profile," was derived from, "The Defense Procurement Management Review Program" dated May 1989, from Defense Logistics Agency (DLA) headquarters. This Appendix could be utilized to provide the reviewing activity information they require to make determinations of how many and what kind of contract reviews are required. This form is designed to meet the following objectives:

- To better understand the organization's contracting activities and staffing characteristics.
- To help the review team to select a meaningful sample of contract files for review. [Ref.49,p.30]

The inspection team must receive Appendix D not later than thirty days prior to the commencement of the QMR in order to develop the contracting activity profile.

4. Templates

The final pieces of information the QMR team has to build a complete profile of the contracting activity are the

QMR templates which have been forwarded from all NFCS activities to NAVSUP via their appropriate QMR regional offices. The results of these templates should show NFCS activity shortcomings and actions which are currently being applied to correct or minimize these deficiencies.

Once the profile has been established, the QMR team can determine the number of large and small purchase contracts which will need to be reviewed and the areas which the review will concentrate on.

The easiest way to determine sample size is through the utilization of Table 1 below:

POPULATION SIZE	SAMPLE SIZE
5	4
10	6
15	8
20	9
30	10
50	12
75	13
200	14
300+	15

Table 1. Determining Sample Size From Ref. [50,p.323].

Once the size of the sample is determined, a simple random sample should be taken. Most procurement shops will award more than 300 contracts since their last review. This

implies that fifteen contracts will be reviewed. This allows each reviewing official approximately one hour of review time for each contract:

A simple random sample from a finite population is a sample selected so that each possible sample combination of the specified size has equal probability of being chosen. [Ref.51,p.241]

The overall process to select a random sample is as follows:

- Select the first sample element by giving each of the N population elements equal probability of being chosen; that is, probability $1/N$.
- Select the second sample element by giving each of the remaining N-1 population elements equal probability of being chosen: that is, probability $1/(N-1)$.
- Repeat this process until all n sample elements have been selected. [Ref.51,p.242]

Two ways to select a random sample is by the use of a calculator or a table. After assigning all contracts possible for review a sequential number say 1 - 250, a calculator can be used to pick random numbers. Also, the @RAND function of Lotus 1-2-3 brand spreadsheet software provides random numbers [Ref.52,p.3-4].

If a computer spreadsheet or a calculator is not available, many tables of random digits are available for use. For example, the LMI review guide on page 3-4 provides a table and reference 51, "Applied Statistics" provides a chart of random numbers on table C-7:

Numbers can be chosen from a table of random digits in any manner as long as the procedure is systematic and determined in advance.
[Ref.51,p.244]

This process can also be used for randomly selecting contracts to review for in-house contracting reviews.

D. CONDUCTING THE REVIEW

For various reasons the QMR should be broken down into four specific areas and assigned weights to these areas. Combining these four areas provides a single overall QMR grade. These areas are broken down in Table 2:

AREA	Weight in Percentage
Large Contract Review	60%
Small Purchase Review	15%
Management of Organization	12%
Utilization of Templates	13%

Table 2. Areas of Review After Ref. [49,p.35]

The major reason in breaking down the review into these smaller areas of review is that it is beneficial for both the inspecting and the inspected activity. It also provides a uniformed framework for the QMR process which is one of the goals of the QMR process. Furthermore, utilizing such a structured approach not only provides uniformity of inspections, but informs NFCS activities of the areas of review to be emphasized. A final reason to breakdown the review into these areas is that it provides a framework for activities to determine in what areas they should concentrate their time and effort in preparing for the review.

1. Large Contract Review Process

Strong performance in the large contract review areas is by far the most important for the inspected activity due to the large weight in percentage of this area. It should also consume the majority of the QMR time. However, marginal or unsatisfactory performance in any area will require follow-up action by NFCS activities and possible reinspection at a later date. Furthermore, it should become

apparent that discrepancies in one area will tend to reveal themselves in other areas as well:

While critical in providing an overall assessment of the quality of the contracting process, the management indicators and contracting benchmarks are used to supplement the results of the file review. [Ref.49,p.35]

A summary of large contract file review results should be developed for all QMRs. A sample format is provided in Table 3.

Each area is rated between one and ten. One is the lowest and ten is the highest. Points are provided for each area. They are added up for each specific area and for each contract. The average for all the contracts and all the areas are also determined. This provides both the reviewing activity and the management organization of this activity the ability to determine the strengths and weaknesses of their own operation. Specific checklists for each of the file review areas could be established to verify or support any given score. However, these checklists must be used cautiously. As previously stated, checklists, "...can become outdated quicklyThey represent only a portion of the entire process." [Ref 23]. If they are used, they should be disbursed to all NFCS activities so they can be used during their in-house in-process reviews. They must be continually updated to remain current, accurate and complete.

Prior to arrival, the QMR team must decide if each reviewing official will review all sections of specific contract files or if reviewing officials will review specific parts of all contracts subject to the review. The former would provide a more uniform consensus of the NFCS activities' overall performance. The overall grade for each area would be an average of each specific area and the

extreme high and the extreme low graders would tend to be minimized or canceled out. The latter allows individuals with expertise in specific areas to provide insight on questionable or grey areas. But this only provides one individual's view-point on how things should be done. Either way is acceptable, however, in the interest of uniformity, one way should be chosen and continually followed. The total score for the large purchase review area is computed by multiplying this total average by 60%.

FILE	A	B	C	D	E	F	.	Z	TOTAL	AVG.
ADVANCE ACQUISITION PLANNING										
PROCUREMENT REQUISITION										
SOLICITATION										
PROPOSAL EVALUATION										
DISCUSSIONS/ NEGOTIATIONS										
CONTRACT AWARD										
MANAGEMENT REVIEWS										
CONTRACT ADMIN.										
TOTAL									N/A	
AVERAGE										N/A

Table 3. Summary of Contract File Review
After Ref. [25,p.36]

2. Small Purchase Review

Small purchase review will be conducted in approximately the same manner as the large purchase review. Here, there will be many more possible contracts to review. Selection and determination of the appropriate sample size is critical. The QMR template "Small Purchase Awards" addresses most of the areas which can be used to review small purchase awards. Table 4 provides a sample form which could be used while conducting these reviews.

It should be noted that the NAVSUPINST 4200.85A is the guiding document for all Naval Supply Systems Command activities to follow. This instruction should be used in conjunction with FAR, DFARS and NAPS procedures.

It is further noted that many of the objectives of the QMR process have not changed from previous PMRs. The major fact which has remained unchanged is that the *contract file* is still the source document which substantiates all contracting actions. If it is not in the contracting file, then there is no historical documentation of the action. Even if a procurement shop makes no mistakes throughout the award of a contract, without a complete, clear audit trail, there is nothing to base any of the key decisions on.

The total score for the small purchase review area is computed by multiplying this total average by 15%.

3. Management of the Organization

The following two areas are not as easy to grade because they are more subjective. There are specific indicators which can be reviewed. Chapter III subsection 4. b. discusses four key areas including top management commitment, education and training, continuous improvement, employee involvement and empowerment.

FILE	A	B	C	D	E	F	.	Z	TOTAL	AVG.
PURCHASE DESCRIPTION										
FUNDING										
IMPREST FUND										
COST/PRICE & DOCUMENT										
TECH EVAL										
ADP APPROVED										
BPA REVIEW										
HAZMAT										
SOCIOECO										
PALT										
KT TYPE										
TRANSPORT CHARGES										
BRAND NAME OR SALIENT										
CLAUSE USAGE										
DISTRIBUTION										
SPLITTING / CONSOLIDATN										
UNPRICED/NTE										
MODIFICATION										
RQRD SOURCES										
TOTAL									N/A	
AVERAGE										N/A

Table 4. Summary of Small Purchase Review
After Ref. [25,p.36]

A review of the Contracting Activity Profile (Appendix D), the previous QMR results for this activity and current actions which are being reported through the templates can provide insight into the management of the organization prior to arrival.

During the review, interviews with a random sample of the employees can be used to substantiate and further support reviewing officials' grades or determinations of how well the organization is being managed.

A few interviews with the major customers who are being served by this NFCS activity will also provide valuable information on how well this activity is actually performing its required functions. Recall that one of TQL's primary thrusts as stated by Admiral Kelso is, "Total commitment to meeting the needs of the customer." [Ref.36,p.1]

Both of these interviews should be as spontaneous as possible. They should be approximately five to ten minutes in duration. They should be used as a guide. Extreme interviewee comments should be taken or received with a grain of salt. If all interviews have extremely high or low marks for the activity being reviewed, then it should be reflected in other areas as well.

4. Utilization of Templates

This area of review must be started prior to arrival. The templates should provide the inspecting command an overview of how this NFCS activity has performed since the last PMR. The reports from the templates which have been submitted routinely from NFCS activities should be reviewed for trends, corrective actions which have been taken by these activities and responses to those corrective actions which have been forwarded to NFCS activities from these inspecting commands. Comparison of specific numbers between commands should be avoided because commands may take their measurements differently and commands may have established

different goals and are emphasizing different areas to review because they have had inherently different problems. The QMR team and NAVSUP have a heavy responsibility to review and respond (as required) to these templates routinely, as they are forwarded through the chain of command. The QMR team can see what the NFCS activity has been forwarding for review since the previous QMR. The QMR team should be forwarding recommendations for changes to current NFCS activity processes and procedures when required. The QMR team should also forward confirmation or agreement to those areas in which the reviewing QMR team agrees. NAVSUP and the QMR teams should fully understand how each NFCS activity measures, records, analyzes and reports their findings of each template. NAVSUP and the PMR teams should be routinely questioning the validity of the data which are being submitted, to ensure there are no surprises when the inspection actually occurs. If these reviewing activities remain silent, then the NFCS activities assume they are doing their job. They are submitting their reports and reporting on how they will improve in the deficient areas. It is not productive for the reviewing activity to state after or during the review, that you should not have tried to do this or modify this procedure and you should have been doing it this way. If the QMR team has been forwarding correspondence all along stating that there is a better way and this is how it shall be done, then this is clearly a justifiable discrepancy and should be corrected by the inspected activity.

No matter how the reviewing activity sees the actions of the NFCS activity, they should come prepared to provide assistance to specific areas of concern. The inspecting activity does not have to create anything new. The inspecting activity can use examples of other NFCS activities who have shown success. A file can be maintained

on successful NFCS activity templates and areas of review and updated routinely. This file can be used to improve the entire NFCS.

A short review of the QMR templates is required. The following areas should be reviewed for all templates.

a. What is being measured?

As previously stated, PALT is not an effective measure in determining how well the customer is being served. The best way to determine how well the customer is being served is by asking them. Many of the templates including "Customer Satisfaction," "Completeness of Purchase Request," "Award Date Versus Proposed Milestones," J&As for Timeliness and Accuracy," involve the customer and allow the customer to provide feedback. Customer involvement is essential to TQL, TQM and this proposed QMR process. NFCS activities and the QMR team must ask themselves, why is this being measured? Does it improve the service to the customer?

The other major reason something is measured is that it implements a law, statute or reporting requirement. These implementations should be addressed up the chain of command and minimized if they do not improve the process.

b. How is this being measured?

A conformance check is required to verify that the procuring activity is taking measurements as they so state. If a sample is drawn, how is this sample determined? When are the measurements taken, plotted and analyzed? Who are the key players in this process? Top management involvement is required to make the key decisions. If analysis is based on one person's opinion, then what happens when this person goes on leave, retires or transfers?

5. Review Summary

The QMR team must grade the inspected activity, debrief the Commanding Officer and the top contracting officials, provide a QMR report of findings to both the inspected activity and to NAVSUP, and provide follow up assistance as required.

a. Grading

As stated previously, Table 2 can be used for determining grades.

AREA	Weight in Percentage
Large Contract Review	60%
Small Purchase Review	15%
Management of Organization	12%
Utilization of Templates	13%

Table 2. Areas of Review After Ref. [49,p.35]

The first two areas comprise 75% of the composite score. Grading for the last two sections is more difficult because there is no exact formula for them. They appear to be more subjective. Yet these last two areas should be used to support the findings of the first two areas. Checklists could be established for both of the last two sections. The management organization section could be broken down into sections as follows:

- Top management commitment and participation.
- Employee commitment and involvement.
- Customer satisfaction.
- Continuous improvement.
- Training.
- Recognition.
- Communication.

- Strategy/Deployment of the overall Mission/Vision statement.

The template utilization section could be broken down into the following areas:

- Timely submission of all templates throughout the reporting period.
- Utilization of additional but not required, templates.
- Level and degree of innovation of all templates.
- How the information is reported and displayed.
- Interpretation and accuracy of control charts and graphs.
- Proper and prompt implementation of corrective action when processes start to go out of control.
- Prompt implementation of NAVSUP/QMR team recommendations.
- Continuous improvement no matter how small.
- Accuracy of the templates.

These checklists should only be a guide because the use of such checklists can limit the inspection team. Specific grades for each area might not reflect the overall level of effort and commitment expended by the procurement activity. Furthermore, additional areas might apply to specific activities more than other NFCS activities. Finally, one area may be so good or bad that this one area over-shadows all the others. However, the overall grade is determined for each of these sections, and it should be narratively supported. The narrative should delineate specific positives and negatives for this organization.

Grading should evolve throughout the process. By the evening of the second day, the grade for the large contract review should be established and agreed on as a team. As stated earlier, some grading can be done prior to arriving

on site. For example, nearly all the items on the checklist for template utilization can be evaluated and graded prior to arrival.

b. Debriefing and Follow-Up Requirements

Debriefing the commanding officer and the leading procurement officials is a courtesy. The purpose is not to get into heated discussions or specific details of the review. The following list provides a few guidelines to ensure a quick yet informative summation of the review.

- Do not bring up surprises. Inform the leading procurement officials of major discrepancies as they are found.
- Keep the briefing, brief. It should not last more than 30 minutes. This must include time for questions and discussions.
- The leading procurement official must take charge and lead the debriefing.
- An overall grade should be known and given.
- Point out key weaknesses and strengths noted in the review.
- Acknowledge previous actions taken by the reviewed activity to correct known deficiencies.
- Provide suggestions on how to continue to improve.

This briefing is required to be followed-up in writing. This report should contain a cover sheet or executive summary of the review, a summary of each of the four categories, large contract review, small contract review, management of the organization and utilization of the templates, and finally, a detailed report of findings by the same categories. Checklists and forms which were used on the inspection should be used to support all findings.

The reviewed activity should address these findings during their submission of their monthly/quarterly reports.

6. QMR Schedule

Another goal of the QMR process is to decrease the on-site review time to three days. Because of this time constraint and the relative level of importance of the areas to be reviewed, this researcher believes the following QMR schedule should be followed.

The first half hour of the first day should be set aside for introductions and in-briefing. Keep this short and precise. At the conclusion of this meeting, the reviewing team will provide a list of large purchase contracts the QMR team will need to conduct their review. This list of contracts is a random sample selected beforehand based on Section C, "QMR preparation" of this chapter and the contracting activity profile, and Appendix D of this thesis. The remainder of this day and the next will be spent reviewing larger contracts. The morning of the third day, a sample of small purchase files will be reviewed for approximately two to three hours. Next, two to three hours will be utilized reviewing the management of the organization and the last two to three hours will be spent reviewing the templates and how they are being applied. The QMR trip will conclude with a short debrief provided to the Commanding Officer and the head of the contracting activity.

It may appear that the large contract review is too extensive compared to the other areas of review, but remember the old PMR used to be two weeks long. Furthermore, large purchase contracting is the most complex and therefore will have the most requirements to verify. Also, the dollar value of large contracts makes them more visible to the public eye. A honest mistake on a \$250.00 contract is not as critical as a mistake on a \$250,000.00 contract.

There is not enough time, nor is the goal to accomplish such a comprehensive review as has been done in previous

PMRs. Verification of every "T" crossed and "I" dotted is not required nor desired. Every mistake will not be able to be found. A new goal for this new process will be to evaluate the overall quality of the NFCS.

E. SUMMARY

By implementing this proposed process and procedure, this researcher believes that the goals and objectives of the QMR will be achieved. As previously mentioned, these goals and objectives included:

- An objective analysis of the management effectiveness of NFCS buying organizations.
- Verification of legal and regulatory compliance.
- Verification that management is providing adequate training.
- Verification that DOD/SECNAV/ASN(RD&A) policy initiatives are disseminated, understood and implemented.
- Identification and transmission of successful management innovations among NFCS commands.
[Ref.8,p.2]
- Streamline the acquisition review process and provide increased review and approval authority for business clearances. [Ref.1,p.1]

This process allows for more objectivity and uniformity for all reviews. It provides and establishes a set grading criteria, format and schedule for all QMRs. Some subjectivity in the actual grades will still exist. However, the areas of subjectivity should be the same for all contracting activities. Verification of legal and regulatory compliance, training and DOD, SECNAV, ASN(RD&A) policy initiatives can be easily accomplished by the utilization of this system.

Most importantly, the duration of the actual QMR will only be three days thus saving thousands of manpower

dollars. However, follow-up and corrective actions should continue throughout the year. The corrective action would be dependent upon each activity's individual needs, and driven by the management and the workers of each field activity.

This solution is not a quick fix or an easy one. Hard work and teamwork is required by all personnel. Success of the QMR process is dependent on several factors. Objectives must be established and promulgated by NAVSUP, for the PMR team and all NFCS activities. Implementation of the templates once approved, and an overall QMR plan at all field offices is also required. There must be adequate preparation for the QMR as well as standardized procedures to follow while conducting the QMR. Precise execution of a tight QMR schedule is required to complete the review in three days. Finally, follow-up and remeasurement of all processes is required routinely to verify improvement has taken place or that other action is required to address known deficiencies.

V. CONCLUSIONS AND RECOMMENDATIONS

A. INTRODUCTION

As previously stated:

There is currently neither a prescribed government wide methodology for conducting such reviews nor uniform standards for measuring the quality of an agency's acquisition performance. [Ref.25,p.1]

By utilizing the processes and procedures listed within this thesis, this researcher believes that uniform standards and methodology can be obtained within NAVSUP. More importantly is that the use of these prescribed standards will at a minimum provide uniformity in the way NAVSUP, DLA and the Department of Health and Human Services (DHHS) perform inspections and audits. (LMI's procurement review guide was developed and is currently being used by DHHS.) Perhaps others will review their PMR process and follow the same format creating more uniformity throughout all Government agencies.

The objectives of this thesis have been met. From the introduction, the objectives were to produce a standardized acquisition performance user/management guide and establish the basis on which to:

- Review, measure, validate and ultimately continually improve the contracting process;
- Address the systemic problems which have plagued NFCS activities year after year;
- Maximize the efficiency of the PMR team and process while minimizing the size of the review teams and actual time spent on-site conducting these reviews. [Ref.1,p.1]

B. CONCLUSIONS

This thesis presents four major driving forces which are requiring change within our current acquisition process. These four driving forces are, reforming the acquisition process, right-sizing DOD, meeting stated PMR objectives, and creating uniformity. Acquisition executive and legislative reform have been discussed and analyzed for many years. But today, due to the drawdown in the DOD budget, some reform has become more prominent than previous years efforts.

Application of TQL techniques is one of the ways the Navy has met these driving forces, which is requiring change. The implementation of TQL techniques has proven to be successful in many Navy applications:

In the Navy, the Secretariat is applying these principles to the acquisition process, and numerous Navy shore commands have already adopted its methods with positive results well beyond original expectations. [Ref.38,p.2]

For all NAVSUP contracting activities, the templates or Appendix B, provide a uniform structured internal review framework to implement TQL principles on a daily basis. In order for the templates to succeed, NFCS commands must take their measurements consistently and accurately. Next, the rate of improvement must be analyzed. Management must understand the causes of these discrepancies. Any actions which hinder or impede performance must be reviewed. The TQL framework has proven to be effective in many applications.

Furthermore, reporting of the results of these reviews allows:

- activities to show where deficiencies exist and to plan and execute corrective action to improve their contracting process; and

- NAVSUP and PMR detachments to acknowledge these deficiencies and confirm or recommend other or additional corrective action to address deficiencies.

Addressing these problems as they occur benefits the NFCS, PMR teams and NAVSUP in the following ways. First, early detection minimizes the amount of corrective action necessary to resolve the problem. Second, the earlier a problem is detected, the easier it is to learn and train from the mistake. Next, this reoccurring review process provides NAVSUP, the PMR teams and NFCS activities a continually updated profile of each activity. Lastly, early detection and team work should identify the systemic problems and provide additional solutions from NAVSUP and the PMR teams which may not be readily apparent to the NFCS activity.

The solution is not an easy one. Success in implementing this proposed PMR system is dependent on two issues, hard work and cultural change.

Hard work is required by all parties involved in the PMR process. Establishment of a QA plan including the utilization of the templates, is the first step. Next, this QA plan must be approved by NAVSUP. Measurements must be routinely taken, analyzed and reported. Decisions must be made to make improvements. Each NFCS activity should prioritize which specific areas they intend to improve. NAVSUP and PMR teams must also review and approve these corrective actions. It is critical that NAVSUP and the PMR teams support or recommend alternative courses of action to be pursued by NFCS activities. Next, the corrective action must occur. Corrective actions will consume time and effort in the short run but the objective is to improve and shorten the entire process in the long run. Furthermore, not all actions taken by an activity will resolve or improve performance. To verify that the corrective action is improving the process, measurements are required to be taken

again, analyzed and reported.

The biggest change which is required for the new QMR system to succeed, is cultural. To begin with, more effective teamwork and trust is required between NAVSUP, NFCS activities and PMR teams. As long as NFCS activities implement a QMR process approved by NAVSUP, acknowledge their deficiencies, plan for corrective action and demonstrate improvement in these deficient areas, no further repercussions should be forwarded from PMR teams or NAVSUP. Historically, repercussions have been felt by the NFCS activities in the form of increased reporting requirements, additional inspections, reinspections or "assist visits" and even the withdrawal or reduction in an activity's procurement authority. The best way NAVSUP and the PMR teams can provide assistance and expedite the cultural change which is required for success is to provide firm guidance and specific direction in writing in response to NFCS QA plans, template implementations and process improvements which the NFCS activities will be routinely submitting for review. Specific direction will assist to maintain a uniform process throughout all NFCS activities. More importantly, specific direction will promote a team-like atmosphere. If the NFCS centers succeed in their goals, it is that activity that has accomplished these goals. If they fail, NFCS activity, NAVSUP and the PMR inspection team all have failed. NAVSUP and the PMR inspection team will become less critical to failed attempts of activities because they have influenced the process directly by providing specific direction. NAVSUP and the PMR inspection team would be more inclined to assure activities can make mistakes.

Management systems should reward people who try good ideas that fail, not punish them....An organization that demands constant perfection

discourages people from striving and makes them timid. [Ref.16,p.106]

This cultural change will not happen overnight and requires a great deal of effort to establish itself in the NAVSUP contracting activity workforce.

Furthermore, change is required throughout the entire acquisition system. Due to their limited authority, NFCS activities can only improve in so many areas. Cultural change and assistance is required from NAVSUP, ASN, OSD, Congress and the Executive Branch:

Cultural change is still a key factor - both in acquisition workforce, in Executive Branch leadership, and in Congress. [Ref.48]

C. RECOMMENDATIONS

NAVSUP should approve and ensure all activities implement QA plans which include TQL processes. Currently, NAVSUP only requires all contracting activities to utilize the first four templates listed in Appendix B. NAVSUP has stated that additional templates listed in Appendix B will be required to be implemented as soon as all activities' QA plans and TQL processes are reviewed and approved. [Ref.53]

NAVSUP should review and approve QA plans and templates on a regular basis. This will enable NAVSUP to develop a better report and establish a team-work relationship with NFCS activities by supporting their actions or recommending additional actions. Furthermore, by reviewing and approving these templates NAVSUP can create a data bank of possible solutions which can be used to assist NFCS activities address systemic problems.

NAVSUP should utilize LMI's procurement review guide, DLA's procurement management review guide and this thesis as a basis to develop a QMR guide for all NAVSUP field contracting activities.

D. ANSWERS TO RESEARCH QUESTIONS

1. Primary Research Question

How can the Naval Supply Systems Command's (NAVSUP) current Procurement Management Review (PMR) process be reinvented or restructured to "maximize the efficiency of the PMR team...while minimizing the size of the review teams and actual time spent on-site conducting these reviews?"

[Ref.1,p.1]

The utilization of TQL techniques including the use of templates, and the development and implementation of a NAVSUP QMR guide are the basic tools required to restructure the PMR process. Hard work and a cultural change is also required to succeed in changing the current process.

2. Subsidiary Research Questions

- Under what directives or statutes does the current PMR system receive its authority?

Currently, there are no statutory requirements for PMRs. However, Executive Order 12352, signed by President Reagan on March 17, 1982 requires each executive agency to:

Designate a Procurement Executive with agency-wide responsibility to oversee development of procurement systems, evaluate system performance in accordance with approved criteria, enhance career management of the procurement work force, and certify to the agency head that procurement system meet approved criteria. [Ref.9,p.1]

- What are the principal difficulties, systemic problems and associated issues in the current PMR system?

Legislative reforming efforts in the acquisition process, current and projected future downsizing of DOD, meeting stated PMR objectives and creating uniformity within the review process are the principal difficulties and associated issues in the current PMR system. Systemic problems are acknowledged by NAVSUP, PMR teams and NFCS activities:

When multiple PMR reports are reviewed, both from the single activity and across many activities, one begins to see that the same problems tend to persist year after year. This leads one to suspect that the problems are systemic in nature. [Ref.20,p.1]

Some of the systemic problems are as follows:

- Improper preparation/submission of DD350s including calculation of Procurement
- Administrative Lead Time.
- Failure to obtain proper approvals and failure to prepare Justifications and Approvals (J&A) for Federal Information Processing (FIP) procurements.
- Lack of documentation and demonstration of the use of the General Services Administration (GSA) schedule has resulted in the lowest overall cost alternative to the Government.
- Failure to perform and document cost/price analysis and cost/price reasonableness in contracts, delivery orders and modifications. [Refs. 21,22]
- In what areas and how could Total Quality Leadership (TQL), reinvention, and other innovative practices be applied to the PMR process in order to address the current problems?

As previously stated, the application of TQL techniques provides a uniform structured internal review framework for all NAVSUP contracting activities to address their current problems on a daily basis. Furthermore, NAVSUP and the PMR teams can also continually review, approve and make further recommendations. The previous process only provided extensive review once every three years.

- Using a new approach, which measurements are the most efficient and effective for the PMR process?

This researcher and NAVSUP believe that all the templates listed in Appendix B are the most efficient and

effective for the PMR process. [Ref.53] The first four templates listed in Appendix B have been required to be implemented in all NFCS activities. However, these four templates do not cover all areas necessary for a comprehensive review. As previously stated, once all NFCS activities implement their basic TQL and QMR plans, additional templates will be required to be implemented.

E. AREAS FOR FURTHER RESEARCH

The following three recommendations are presented concerning additional research which could supplement or expand the information available to the PMR process.

- Analysis of lessons learned from implementing the proposed QMR process. What are the difficulties of implementing this system?

All NFCS activities will implement TQL techniques differently. Why do some activities implement these techniques quicker or more effectively or more efficiently than others?

- Development of uniform procedures or guidelines for NFCS managers to use to address the major systemic problems.

The utilization of TQL techniques will identify and force activities to take corrective action to improve on these systemic problems. Further research could be done to determine what corrective actions prove to be the most effective and efficient for specific systemic problems. A guide, listing possible solutions to systemic problems could then be developed to assist NFCS managers in deciding which methods would be most effective for their organization.

- What is the most effective and efficient way NAVSUP and PMR teams can summarize, maintain and interpret data for the routinely required claimancy-wide assessments of the quality of operations from NFCS activities?

With this new proposed system, information and data from all NFCS activities will be forwarded routinely for

review and approval. How can this information be most effectively and effieciently transmitted, reviewed, approved and maintained at the NAVSUP level?

APPENDIX A. ACQUISITION ACRONYMS

A

ACO	Administrative Contracting Officer
ADP	Automatic Data Processing
ADPE	Automatic Data Processing Equipment (see FIP)
ALT	Administrative Lead Time
APADE	Automation of Procurement and Accounting Data Entry
ASD	Assistant Secretary of Defense
ASN	Assistant Secretary of the Navy
ASN(RD&A)	Assistant Secretary of the Navy (Research, Development and Acquisition)
ASPR	Armed Services Procurement Regulation (Now FAR)

B

BOA	Basic Ordering Agreement
BPA	Blanket Purchase Agreement

C

CA	Contract Administration
CAP	Contracting Activity Profile
CBD	Commerce Business Daily
CDRL	Contract Data Requirements List
CICA	Competition in Contracting Act of 1984
CID	Commercial Item Description
CMR	Contract Management Review
CNO	Chief of Naval Operations
CO	Contracting Officer
COGP	Commission on Government Procurement
COMNAVSUPSYSCOM	Commander, Naval Supply Systems Command
COTR	Contracting Officer's Technical Representative
COTS	Commercial-off-the-Shelf
CRB	Contract Review Board

D

DAA	Defense Authorization Act
DAU	Defense Acquisition University
DAWIA	Defense Acquisition Workforce Improvement Act
D&F	Determination and Findings
DFARS	Defense Federal Acquisition Regulation Supplement
DHHS	Department of Health and Human Services
DLA	Defense Logistics Agency
DLSIE	Defense Logistics Studies Information Exchange
DOD	Department of Defense
DODD	Department of Defense Directive

DON Department of the Navy

E

E-MAIL Electronic mail
EEO Equal Employment Opportunity
ESG Executive Steering Group

F

FAR Federal Acquisition Regulation
FIP Federal Information Processing Resources (see ADPE)
FIRM Federal Information Resources Management Regulation
FISC Fleet and Industrial Supply Center
FSS Federal Supply Schedule

G

GSA General Services Administration

H

HAZMAT Hazardous Materials
HCA Head of the Contracting Activity

J

J&A Justification and Approval
JIT Just-In-Time
JUSE Japanese Union of Scientists and Engineers

L

LMI Logistics Management Institute
LSA Labor Surplus Area

M

MIS Management Information System

N

NADEP Naval Aviation Depot
NAPS Navy Acquisition Procedures Supplement (formerly NARSUP)
NARF Naval Air Rework Facilities (now NADEP)
NASA National Aeronautics and Space Administration

NAVAIR	Naval Air Systems Command
NAVSEA	Naval Sea Systems Command
NAVSUP	Naval Supply Systems Command
NEXCOM	Navy Exchange Service Command
NFCS	Navy Field Contracting System
NRCC	Naval Regional Contracting Center
NSC	Naval Supply Center

0

OCC	Operational Characteristic Curve
OFPP	Office of Federal Procurement Policy
OUSD (A&T)	Office of the Under Secretary of Defense (Acquisition & Technology)
OSD	Office of the Secretary of Defense

P

PALT	Procurement Administrative Lead Time
PCO	Procuring Contracting Officer
PMR	Procurement Management Review
PMRS	Navy's Procurement Management Reporting System

Q

QA	Quality Assurance
QC	Quality Control
QMB	Quality Management Board
QMR	Quality Management Review

S

SADBUS	Small and Disadvantaged Business Utilization Specialist
SBA	Small Business Administration
SECDEF	Secretary of Defense
SECNAV	Secretary of the Navy
SOW	Statement of Work
SPC	Statistical Process Control
SPEC	Specification

T

TQL	Total Quality Leadership
TQM	Total Quality Management

U

UCA	Undefinitized Contractual Actions
UFPS	Uniform Federal Procurement System

APPENDIX B. QUALITY TEMPLATES

The following describes and explains each section for all templates.

a. AREA(S) OF REVIEW - Identify the particular process you are examining.

b. POLICY/PROCEDURES ABOUT THIS AREA - Commence with the FAR and work down through departmental instructions. Be as specific as possible. For review purposes copies should be provided.

c. TRAINING - Include in-house training session for this particular area. Please identify date, who participated, specific areas covered in the training and reason for training, e.g., refresher, corrective action, etc. Also include defense acquisition courses or other out of house training which is available or pertains to specific area of review.

d. MEASURE OF SUCCESS - What is your goal? It may be expressed in terms of a percentage or exact number and should be specific enough to know when you've attained it.

e. BASELINE MEASURE (IN TERMS OF MEASURE OF SUCCESS) - As the measurement process begins, what is the current status in relation to your goal. Identify how the measure is obtained as well as what it is.

f. METHOD OF MEASUREMENT - Ensure method is consistently used and accurately measures the process. This method should be identified in the overall quality assurance plan and if different from the recommended method, a sample should be provided with your plan.

g. SAMPLE SIZE - Each process will have its own sample size. In some cases, it is appropriate for a percentage sample of less than 100%, but other processes may require 100%. The size should be dependent on two factors. The first is how critical the quality characteristic in question is and the second is the economics of the situation.

h. TYPE OF DATA - Are the data objective or subjective? This information indicates whether the data are readily obtainable from the file or requires a judgment. If the data are objective, they should be readily obtainable from the contract file.

i. DATA FORMAT - How will the data be displayed, reviewed and reported. (histograms, control charts, etc.)

j. FREQUENCY OF MEASUREMENT - This will vary with the process. It should be often enough to ensure that the process is in control. The frequency of measurement should include not only when the process will be measured, but also when this information will be analyzed and reported.

k. TYPE OF ANALYSIS - This is dependent on the type of data. What kind of analysis will be performed on the data? Is the same person who is collecting the data doing the analysis? How frequently will this analysis occur? Analysis is the key to the process. Based on the analysis, decisions will be made on what type of corrective actions will be made to improve performance. For example, the fact that a contractor protested an award does not necessarily mean that the customer, contracting officer, legal and contract review board did anything wrong. Nor does it mean if a contract has to be amended or modified that anything could have been done to prevent those actions from occurring.

l. RESPONSIBLE PARTIES - List the personnel by title and position(s) who are responsible for data collection and analysis.

m. TYPE OF CORRECTIVE ACTION - This will vary with the process and the analysis. It is included to indicate the need for action to be taken in the event either the baseline measure or the periodic measure varies significantly from the measure of success. A review of the process will indicate the most appropriate corrective action. Type of corrective action may change as the process changes or as improvements are made.

n. VALIDATION OF CORRECTIVE ACTION - This will vary with the process and with the type of corrective action taken. The need to validate the results of corrective action is the objective. Without validation, improvement of the process can not be determined. Depending on the results of validation, additional or different corrective action maybe required.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: J&As for timeliness and accuracy

POLICY/PROCEDURES ABOUT THIS AREA: FAR 6, DFARS 206, NAPS, 5206, NAVSUPINST 4200.83A, Expedited Procedures 92-24, 92-27, 92-31, 93-01, departmental instructions

TRAINING: In-house training with policy/procedures.

MEASURE OF SUCCESS: There are two goals for this area of review. J&As approved within X number of days the first time submitted. J&As with external approval are approved without revision.

BASELINE MEASURE (IN TERMS OF MEASURE OF SUCCESS): Two separate baselines or goals are required to be established. The first is to establish the current average number of days to complete a J&A. The second is to determine how many J&As are not approved the first time by the competition advocate.

METHOD OF MEASUREMENT: Individual review of documents by the PCO/ competition advocate.

SAMPLE SIZE: 100% of all J&As.

TYPE OF DATA: Objective data on timeliness and number of first time approvals for competition advocate. Objective data on PCO of first time approvals. Subjective data on reasons why J&A is not approved first time.

DATA FORMAT: Control charts and histograms

FREQUENCY OF MEASUREMENTS: Measure as they occur. Analysis at least quarterly and report quarterly.

TYPE OF ANALYSIS: Objective for timeliness and number of first time approvals. Subjective for cause and effect.

RESPONSIBLE PARTIES: Competition Advocate and PCO

TYPE OF CORRECTIVE ACTION: Plan to improve first time approvals, decrease the amount of time required to approve J&As. Perhaps the PCO must go back to requisitioning activity to obtain current, accurate and complete information to complete the J&A. Increased communications or training with requisitioning activities may assist in this effort. Better technical screening of requirements may assist. Perhaps modify the J&A questionnaire for all applicable requisitions. Training in-house for mistakes being made by PCOs or providing PCOs with updating the departmental contracting instructions may help minimize mistakes.

VALIDATION OF CORRECTIVE ACTION: Make adjustments as required and obtain your goal. Then continuously measure progress to ensure compliance with established goal is maintained.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Award Date verses Proposed Milestones

POLICY/PROCEDURES ABOUT THIS AREA: NAVSUP goals, time-frames which are delineated in customer service manuals.

TRAINING: In-house training with policy/procedures.

MEASURE OF SUCCESS: Two goals. The first is to meet or exceed planned milestones for all contracts. (overall average) The second is to decrease the number of contracts which do not meet proposed milestones.

BASELINE MEASURE (IN TERMS OF MEASURE OF SUCCESS): For the first goal, the current overall average must be determined. For the second goal, the number of contracts which do not meet proposed milestones must be determined.

METHOD OF MEASUREMENT: Analysis of information generated by the Management Information System (MIS).

SAMPLE SIZE: All or specific percentage.

TYPE OF DATA: Objective data - Either met or not. Subjective data are the reasons the goals are not met.

DATA FORMAT: Control charts for timeliness and the number of contracts which don't meet proposed milestones. Histograms for reasons milestones are not met.

FREQUENCY OF MEASUREMENTS: Track weekly those actions which exceed projected milestones; report quarterly on progress.

TYPE OF ANALYSIS: Objective for timeliness and subjective for reasons milestones are not met.

RESPONSIBLE PARTIES: Negotiator and Contracting Officer

TYPE OF CORRECTIVE ACTION: Plan for improvements based on analysis of recurring problems. Plan to include training and implementation.

VALIDATION OF CORRECTIVE ACTION: Continuously measure this process. Make adjustments when new ideas are discovered, process is not improving and the goal is not being met.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Business Clearance

POLICY/PROCEDURES ABOUT THIS AREA: FAR, DFARS, NAPS, NAVSUPINST 4200.83A, Departmental Instructions. Dependent on type dollar amount and type of contract.

TRAINING: Defense Acquisition University Courses including CON 101 - Contracting Fundamentals, CON 211 - Intermediate Contracting. In-house training.

MEASURE OF SUCCESS: Percentage of submittals returned for revision and causes for revisions of pre and post-negotiations.

BASELINE MEASURE (IN TERMS OF MEASURE OF SUCCESS): All available relevant data is considered, and positions on each major item are valid, derived from data and reasonable.

METHOD OF MEASUREMENT: Checklist for complete documentation required by NAPS and record of causes for rejections (parieto chart of CRB Log).

SAMPLE SIZE: 100% which are subject to a Contract Review Board and 10% on all others.

TYPE OF DATA: Numeric for percent returned for revision.
Reasons for revision could include:

- Insufficient Cost/Pricing and profit or fee analysis or documentation thereof.
- Technical/Proposal evaluation
- Competitive Range Determination
- Negotiation Objectives
- Contractor Responsibility
- Determination and Findings (D&F) or J&A appropriate or applicable
- Synopsis correct, proper time frame, not restrictive
- Contractor provided adequate accounting system, approved purchasing system, pre-award disclosure statement, cost accounting practices approved and certified.
- Precontract costs approved.
- EEO compliance requested or obtained.
- Approved make or buy plan
- Responsibility determination
- Responsiveness determination
- ADP approval/authorization
- Selection of contract type
- Appropriate use of options or multiyear contract
- Determination of GFE/GFP
- Use of commercially off the shelf items.
- Appropriate evaluation factors. Utilization of best value

- contracting
- Appropriate use of Government sources of supply
- Labor surplus/SBA/8a and other social economic goals
- Environmental impact of the procurement
- Wage rate determinations

DATA FORMAT: Causes/Reasons - Pareto Chart
Numeric - Run chart.

FREQUENCY OF MEASUREMENTS:

Collection: Continuous as CRBs are held. Non-CRB at the activity discretion.

Analysis : Every other month for both CRB and Non CRB

Reporting: Quarterly (CRB & Non-CRB)

TYPE OF ANALYSIS: CRB - Expert Team Review. Non - CRB at Activity Discretion. This review could be completed by legal or at the contracting supervisor level.

RESPONSIBLE PARTIES: Responsible for analysis and corrective action plan - CRB/PCO (may vary based on organization and TQL/QMB structure)

TYPE OF CORRECTIVE ACTION: To be determined based on data. Plan for improvements based on analysis of recurring problems. Plan to include training and implementation.

VALIDATION OF CORRECTIVE ACTION: Continuously measure this process. Make adjustments when new ideas are discovered, process is not improving and the goal is not being met.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Completeness of Purchase Request

POLICY/PROCEDURES ABOUT THIS AREA: Acquisition Guide, NAVSUP Publication 547, Customer service guide and standard letter delineating rejection/correction.

TRAINING: Should be held as required with major commands or commands in which problems are found. Those customers who are submitting purchase requests which are rejected. Two types of training should be held. Short annual refresher training and more detailed training for new customers and new personnel who will be requisitioning material. Requisitioner's workshop provided by PMR staff.

MEASURE OF SUCCESS: Reduction of deficiencies or increasing number of packages accepted the first time.

BASELINE MEASURE (IN TERMS OF MEASURE OF SUCCESS): First quarter data or prior annual average.

METHOD OF MEASUREMENT: Checklist to determine acceptance or rejection.

SAMPLE SIZE: Statistically valid sample of all incoming work determined by activity.

TYPE OF DATA: Dependent on reasons for rejections could include:

Objective - Missing information including

- SPEC/SOW
- Delivery or performance dates
- Approvals, ADP, Hazmat, others as required
- Personnel Qualifications
- Wage determinations category/equivalency
- Overtime justifications
- Contract Data Requirements lists/DIDS
- DD 254
- funding

Subjective - Inadequate/inaccurate:

- Sole source / Urgency statement
- SOW/SPEC
- SSP - Evaluation criteria

DATA FORMAT: Pareto Chart - Histogram for customers and reasons for rejections

FREQUENCY OF MEASUREMENT: Report on findings quarterly. Review and measure as purchase requests are received.

TYPE OF ANALYSIS: Subjective and Objective

RESPONSIBLE PARTIES: Technical screening, point of entry/acceptance of all requirements.

TYPE OF CORRECTIVE ACTION: Training, information exchange, customer service meetings, letters acknowledging requisition.

VALIDATION OF CORRECTIVE ACTION: Verification of reduction in deficiencies by continuation of measurements.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Legal Review

POLICY/PROCEDURES ABOUT THIS AREA: Contracting Department Instruction, all statutes and regulations

TRAINING: As required to obtain law degrees and legal secretaries. Following on training through seminars and as promulgated by NAVSUP legal counsel.

MEASURE OF SUCCESS: Complete review within X days with only minor changes to documentation required. Increase the number of first time approvals without substantial recommended changes.

BASELINE MEASURE (IN TERMS OF MEASURE OF SUCCESS): There are two goals for this area of review. The first is the current number of days required for review. (an overall average) The second goal is the current number of actions approved without significant changes the first time submitted.

METHOD OF MEASUREMENT: Individual review of documents by legal counsel with system of measurement to identify recurring problems.

SAMPLE SIZE: 100%

TYPE OF DATA: Objective data on timeliness and number of first time approvals. Subjective data on quality of documents. Specific areas for review could include:

- Determinations of the contracting officer of
 - the competitive range (FAR 15.609)
 - mistakes in bids (FAR 14.406)
 - late bid determination (FAR 14.304-1 or 15.412 (c))
 - other than FFP contract (FAR 16.103(d))
 - if unsolicited information is provided by the bidder, determination that this bid is qualified (FAR 14.202-5(f))
 - non-responsiveness (FAR 14.404-2)
 - claims, equitable adjustment
 - terminations, defaults
 - patents, trademarks, copyright requirements
 - unauthorized commitments
 - Any other matter which might lead to litigation involving the Navy.

DATA FORMAT: Control charts for timeliness and histograms for reasons of required actions.

FREQUENCY OF MEASUREMENT: Continuously measure, analyze monthly and report quarterly.

TYPE OF ANALYSIS: Objective for timeliness and number of first time approvals and subjective for data on quality of documents. Some standard areas identified for data collection.

RESPONSIBLE PARTIES: Legal counsel and supervisor

TYPE OF CORRECTIVE ACTION: Plan to improve number of first time approvals. Decrease time required for review.

VALIDATION OF CORRECTIVE ACTION: Continuously measure progress make adjustments as required to achieve goals.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Synopsis

POLICY/PROCEDURES ABOUT THIS AREA: CBD guide for preparation and submission of synopsis. FIRMR for ADP procurements.

TRAINING: Defense Acquisition University Courses including CON 101 - Contracting Fundamentals, CON 211 - Intermediate Contracting. In house training.

MEASURE OF SUCCESS: One overall measurement. Correctly synopsisized or not.

BASELINE MEASURE (IN TERMS OF MEASURE OF SUCCESS): Number or percentage of synopsis which are correctly synopsisized.

METHOD OF MEASUREMENT: Review done during the CRB/legal business clearance verification.

SAMPLE SIZE: 100% of CRB; 10% random of all others.

TYPE OF DATA: Subjective for reasons not correct and more subjective for the determination that the synopsis generates competition.

DATA FORMAT: Histogram with reasons synopsis incorrect. Separate histogram listing reasons why synopsis limits competition.

FREQUENCY OF MEASUREMENTS: Measurements taken during CRBs. Analysis done monthly. Reported to NAVSUP quarterly.

TYPE OF ANALYSIS: CRB review presolicitations to verify synopsis is correct. Specific areas to be reviewed include:

- proper time frames established to solicit and award.
- option years stated if anticipated.
- set asides delineated the proper size standards.
- numbered notes used properly.
- Basic Ordering Agreements (BOAs), anticipated sole source procurements and mandatory supply schedules formatted properly.
- On the analysis of achieving the intended purpose of generating competition, areas of review could include;
- not maximizing the use of commercial items.
- unduly restrictive statements.
- unduly restricting time frame of delivery or requirement.
- providing only minimal information on the requirement.

RESPONSIBLE PARTIES: CRB, supervisor and legal

TYPE OF CORRECTIVE ACTION: Training, adjust contracting

department instruction to reflect changes as required.

VALIDATION OF CORRECTIVE ACTION: Remeasure and make changes as required.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Presolicitation Documentation

POLICY/PROCEDURES ABOUT THIS AREA: FAR, DFARS clauses, drafting guide, NAVSUP clause book

TRAINING: Defense Acquisition University Courses including CON 101 - Contracting Fundamentals, CON 211 - Intermediate Contracting. In-house training.

MEASURE OF SUCCESS: All contract sections including applicable clauses prepared in accordance with uniform contract format to enable prospective contractors to prepare proposals or quotations properly.

BASELINE MEASUREMENT (IN TERMS OF MEASURE OF SUCCESS): No significant rewrites or exclusions of clauses. Contract file has appropriate documentation.

METHOD OF MEASUREMENT: By legal and CRB during regular in-house process reviews.

SAMPLE SIZE: 100%

TYPE OF DATA: Subjective fm the SOW and sections L & M. Objective for solicitation content. Specific checklist for each contracting department should be established an example is as follows:

- Adequate/appropriate funding/accepted and stamped 2276
- Service contract questionnaire (Required for personal services only)
- Approval to contract for personal services
- FAA appointment letter - nomination letter and FEW training certifications (For service contracts)
- Evaluation plan
- Requiring activity Procurement Integrity Certifications (PIC)
- Stamp evaluation plan as source selection information
- SF 98 wage determination
- Determination of exemption of SCA (FAR 22.1003-4(b)(4)(ii)(A)-(C))
- 4380
- Synopsis
- Bidders list
- Acceptance letter/copy to customer
- HCF memo
- Option memorandum
- Negotiation verses sealed bid memorandum (FAR 6.401(b))
- Milestone's form
- Value engineering attachment

- Commercial item possibilities verified
- Hazardous item forms as required
- Multiple awards determination
- Subcontracting plan
- Brand name or equal approval
- Specification certification (NAPA 10.002)
- Warranty provisions
- Contract administration plan

DATA FORMAT: Histogram for specific omissions. Separate histogram for clauses which were inappropriately added or omitted.

FREQUENCY OF MEASUREMENT: Continuously measure, analysis monthly and report quarterly.

TYPE OF ANALYSIS: Subjective for reasons and objective for number of mistakes.

RESPONSIBLE PARTIES: CRB and legal office.

TYPE OF CORRECTIVE ACTION: Dependent on number and type of mistakes found.

VALIDATION OF CORRECTIVE ACTION: Remeasure/compare trends from previous reviews.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Solicitation Amendments

POLICY/PROCEDURES ABOUT THIS AREA: FAR/DFARS part 14, 15

TRAINING: Defense Acquisition University Courses including CON 101 - Contracting Fundamentals, CON 211 - Intermediate Contracting. In house training.

MEASURE OF SUCCESS: Complete and accurate solicitation issued first time.

BASELINE MEASUREMENT (IN TERMS OF MEASURE OF SUCCESS):

Number of Amendments/solicitations

Possible reasons for the amendment could include:

- clarification/revision of specifications/statement of work
- late wage determination
- protest
- clauses omitted or input which were not required
- Best and Final Offers
- Other

METHODS OF MEASUREMENT: Review number and kinds of amendments issued.

SAMPLE SIZE: To be determined by activity.

TYPE OF DATA: Objective - number and types of amendments issued

DATA FORMAT: Histogram showing number and types of amendments issued.

FREQUENCY OF MEASUREMENT: To be determined based on sampling plan. Report quarterly to NAVSUP/PMR team.

TYPE OF ANALYSIS: Objective the number of amendments.
Subjective the reasons for the amendments.

RESPONSIBLE PARTIES: PCO or the person who releases the amendment. This person should ask why is this being released? Is another one going to be required to be released later? Are you sure this is current, accurate and complete? This information is forwarded to the supervisor who combines the total number of amendments and reasons therefore on a monthly basis.

TYPE OF CORRECTIVE ACTION: Must be determined based on analysis of data. Training, and better use of preprocurement planning. Examples could be greater use of draft RFP's, IFB's, presolicitation conferences, prebid conferences. Another example could be better review procedures of purchase requests.

VALIDATION OF CORRECTIVE ACTIONS: Remeasure/compare previous data. What is the current trend? Why is this occurring?

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Negotiations

POLICY/PROCEDURES ABOUT THIS AREA: As delineated in FAR, DFARS, NAPS and Contracting Department Instructions

TRAINING: Defense Acquisition University Courses including CON 101 - Contracting Fundamentals, CON 211 - Intermediate Contracting. CON 104 - Contract pricing, CON 231 Intermediate contract pricing, 321 Executive Preaward Contracting, CON 331 Executive Cost Price Analysis. In-house training.

MEASURE OF SUCCESS: Number of changes required after negotiations commence with offerors in the competitive range.

BASELINE MEASURE (IN TERMS OF MEASURE OF SUCCESS):
Prenegotiation position was within the scope of the prenegotiation memorandum. Did not have to go back and obtain additional business clearances.

METHOD OF MEASUREMENT: Checklist and adequate preparation

SAMPLE SIZE: 100% of post negotiation business clearances.

TYPE OF DATA: Objective for number of clearances required. Subjective for reasons these additional clearances are required. The major reason would probably be that the prenegotiation position was not current, accurate nor complete.

DATA FORMAT: Histogram

FREQUENCY OF MEASUREMENT: During post negotiation business clearance reviews. Analysis of how much and how often the prenegotiation position deviates from the post negotiation position.

TYPE OF ANALYSIS: Objective and Subjective

RESPONSIBLE PARTIES: CRB and PCO

TYPE OF CORRECTIVE ACTION: As required to minimize the number of business clearances per procurement.

VALIDATION OF CORRECTIVE ACTION: Revalidation through continual measurement.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Contract Administration

POLICY/PROCEDURES ABOUT THIS AREA: FAR and DFARS part 42, Contracting Department Instructions.

TRAINING: DAU courses including CON 101 - Contracting Fundamentals, CON 221 Intermediate Contract Administration, CON 321 Executive Contract Administration.

MEASURE OF SUCCESS: Timely receipt of appropriate material.

BASELINE MEASURE (IN TERMS OF MEASURE OF SUCCESS): Two separate goals are required to be established. The first is to ensure material is delivered on time as originally stated in the contract. The second is that the material received is appropriate and in accordance with the contract. This goal can be a percentage or a specific number of allowed late or noncompliance deliveries.

METHOD OF MEASUREMENT: Measure both the number and the reasons of any or all of the following occurrences;

- a) extensions granted to contractors
- b) Report of Discrepancies (RODS) received
- c) Quality Deficiency Reports (QDRS) received
- d) Customer service questionnaires which state that the material was not received on time or as stated in the contract.

SAMPLE SIZE: 100% of extensions, RODS, QDRS and customer service questionnaires which fit this category.

TYPE OF DATA: Objective for the number of extensions, RODS, QDRS and customer service questionnaires which fit this category. Subjective for the reasons these items have been received.

DATA FORMAT: The objective information can be displayed on a separate or collective bar chart. The subjective information can be displayed on a histogram showing the reasons why the occurrence.

FREQUENCY OF MEASUREMENT: Analysis done monthly and report to NAVSUP quarterly.

TYPE OF ANALYSIS: Both subjective and objective

RESPONSIBLE PARTIES: Contract administrator, customers, and receiving activities.

TYPE OF CORRECTIVE ACTION: Dependent on subjective reasons of the occurrence.

VALIDATION OF CORRECTIVE ACTION: Reevaluate as changes are made.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Contract Modifications

POLICY/PROCEDURES ABOUT THIS AREA: FAR, DFARS, NAPS and local procedures.

TRAINING: In-house and Defense Acquisition Workforce Improvement Act (DAWIA) required training.

MEASURE OF SUCCESS: Reduction in overall number of modifications by type.

BASELINE MEASURE (IN TERMS OF SUCCESS): Comparison of current quarter to the same quarter last fiscal year.

METHOD OF MEASUREMENT: Review number and types of modifications.

SAMPLE SIZE: 100% of all change orders
100% of all administrative changes
60% of supplemental agreements
100% of all others

TYPE OF DATA: Subjective- reason for modifications
Objective -number of modifications

DATA FORMAT: Subjective - Causes/Reasons for Modifications - Pareto Chart
Objective - Number of Modifications - Run chart/Histogram

FREQUENCY OF MEASUREMENT: Collect as they occur
Analysis and report Quarterly

TYPE OF ANALYSIS: Subjective - reasons for modifications
Objective - number of modifications

RESPONSIBLE PARTIES: Contract Administrators, Supervisor, PCO, customer, contractor

TYPE OF CORRECTIVE ACTION: Training, coordination with preaward or customers may be required. Beware, not all modification are bad. If contracts are awarded with options, modifications will have to be issued. Exercising options should be easier than issuing new contracts for reoccurring services. Analysis of why the modification is issued and could this required change been perceived prior to the award of the contract.

VALIDATION OF CORRECTIVE ACTION: Reduction of all unnecessary modifications. Minimize the total number of modifications issued.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Protests

POLICY/PROCEDURES ABOUT THIS AREA:

TRAINING: Defense Acquisition University Courses including CON 101 - Contracting Fundamentals, CON 211 - Intermediate Contracting. 321 Executive Preaward Contracting, In-house training.

MEASURE OF SUCCESS: Decrease the number of protests, decrease the number of protests upheld.

BASELINE MEASURE (IN TERMS OF MEASURE OF SUCCESS): Establish an acceptable goal of number or percentage of number of contracts which will receive protests. Establish another goal for either a number or percentage of all protests received which are determined to be upheld by GAO or higher authority.

METHOD OF MEASUREMENT : Individual review of all protests received.

SAMPLE SIZE: 100% of all protests received.

TYPE OF DATA: Objective for the number of protests and the number upheld. Subjective for the reasons these protests are upheld.

DATA FORMAT: Histogram for the subjective reasons, Bar charts with the goals and the number of protests received on a monthly or quarterly basis.

FREQUENCY OF MEASUREMENT: A protests are received. Report high visibility items as soon as possible to NAVSUP legal counsel. Report all protest information quarterly.

TYPE OF ANALYSIS: Subjective and objective

RESPONSIBLE PARTIES: Contracting Officer, contractors, legal office.

TYPE OF CORRECTIVE ACTION: Disseminate board responses to protests as they apply. (From within your organization and what is occurring on the outside). Change legal and CRB review procedures as required to minimized protest actions. Maintain arms length relationship with contractors, yet keep communications as open as possible to keep contractors informed. Ensure contractors are debriefed timely and accurately. Review debriefing procedures.

VALIDATION OF CORRECTIVE ACTION: Reevaluate quarterly. Make changes as required to minimize protests and protect the Governments interests.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Small Purchase Awards

POLICY/PROCEDURES ABOUT THIS AREA: FAR/DFARS/NAPS Part 13 and NAVSUPINST 4200.85A

TRAINING: Small Purchase course, on-the-job training, departmental training

MEASURE OF SUCCESS: First, monitor and analyze the amount and type of defects identified in purchase order documents. Identify and remove the "special causes". The actual capability of the process will be measured. (Process capability analysis). Establish quantifiable goals based on this process capability. Implement incremental changes to the process to optimize the output. Remeasure and reevaluate. Establish new goals and make changes as required to meet these goals.

BASELINE MEASURE (IN TERMS OF MEASURE OF SUCCESS): Amount and type of defects. Do these special causes actually exist or could they be categorized in an area. Measure quarterly.

METHOD OF MEASUREMENT: Data taken by contracting officer and a statistical sample of post award contracts and reviewed by branch manager or assistant.

SAMPLE SIZE: 100% by contracting officer. 10% by branch manager or assistant.

TYPE OF DATA: First emphasize discrepancies which were found on last PMR. Next, concentrate on the identified defects which were during the purchase order review. Type of data to be reviewed could include:

- Appropriate funding
- Adequate Purchase descriptions
- Insufficient Cost/Pricing and profit or fee analysis or documentation thereof.
- Technical/Proposal evaluation
- Transportation charges
- Brand name or equal/salient characteristics
- ADP approval/authorization
- Selection of contract type, impress fund, BPA, P.O., delivery order
- Determination of GFE/GFP
- Use of commercially off the shelf items.
- Appropriate evaluation factors. Utilization of best value contracting
- Appropriate use of Government sources of supply
- Labor surplus/SBA/8a and other social economic goals

- Environmental impact of the procurement/Hazmat certifications/documentation
- PALT
- Appropriate clauses
- Unpriced orders NTE vs actual / time to definitize
- Modifications
- Distribution
- Splitting/consolidation of requisitions
- Others as they are determined

DATA FORMAT: Histogram and control charts

FREQUENCY OF MEASUREMENT: Monthly by Post award review.
Continuous by Contracting Officer

TYPE OF ANALYSIS: Analytical for process improvement

RESPONSIBLE PARTIES: Contracting officers, Branch manager or assistant. Changes to system will be agreed upon by QMB.

TYPE OF CORRECTIVE ACTION: Training and changes to current system in which defects are found.

VALIDATION OF CORRECTIVE ACTION: Customer feedback and interviews, continued measurements to the process.

PMR/QA PLAN REVIEW TEMPLATE

AREA(S) OF REVIEW: Customer Satisfaction

POLICY/PROCEDURES ABOUT THIS AREA: Established by each local office.

TRAINING: In house training on customer relations and teamwork.

MEASURE OF SUCCESS: Continued favorable response to customer surveys. Increase response rate of the customers. Even if they have nothing to state, get a response.

BASELINE MEASURE (IN TERMS OF MEASURE OF SUCCESS): Decrease the number and the percentage of unfavorable responses received.

METHOD OF MEASUREMENT: Customer survey forms

SAMPLE SIZE: 100% of all forms received back from customers. Ensure when contracts are distributed, that survey forms are on top of each contract which is awarded.

TYPE OF DATA: Any information which allows the customer to relay his likes and dislikes and reasons for your service.

Was the material/service requisitioned by the customer:

- received on time / too early / late
- what they ordered
- what they wanted

Was the requisitioning activity kept appraised of the progress of their requirement?

How could we improve our service.

Establish on a rating scale from 1 - 5. Have the customers grade you, on individual items and over all.

DATA FORMAT: Histogram - number of contracts with responses received. Run chart - number of contracts per satisfied customers. Run chart - number of marginal, or unsatisfactory markings by area received.

FREQUENCY OF MEASUREMENT: Monthly

TYPE OF ANALYSIS: Subjective and objective

RESPONSIBLE PARTIES: PCO, Negotiator, customer activity

TYPE OF CORRECTIVE ACTION: Determined by data received, greater communication with customer, more customer service meetings, training, ect...

VALIDATION OF CORRECTIVE ACTION: Continuous measurement of the process. Verify response rate of customers does not decrease.

APPENDIX C. REFERENCE CHECKLIST

<u>PRESOLICITATION</u>	<u>Reference</u>
Procurement Integrity	FAR 3.104/CPPM 3.104-60
Urgency Statement	FAR 6.302-2 and FAR 5.202 (a) (2)
Federal Information Processing Resources (FIP)	FAR 39 FIRMR 201-39 SECNAVINST 5231.1C
Sole Source Statement	FAR 6.302-1
Acquisition Plan (Major)	DFARS 207.103(c)
(Development \$5,000,000, Production/ Services \$30,000,000 total or \$15,000,000 per year)	
COR	NAVSUPINST 4205.3A
SBSA Review Form	DFARS 219.201
Contract Administration Plan	NAVSUPINST 4330.7
D&F for contract type	FAR 16.103(d)
D&F for inclusion of option	FAR 17.205
Contract Options	FAR 17.2 NAPS 5217.202
Legal review of D&F's	NAPS 5201.707-91
Justifications and Approvals	FAR 6.302/6.303/6.304 NAPS 5206.303 CPPM 6.301-60
No multiple authorities on J&As	Policy letter 92-31 CPPM 6.301-61
Overtime Justification & Approval	NAPS 5222.103-4 and FAR 22.103-4
Uncompensated Overtime approval (over \$100K, Chief of Contracting Office)	NAPS 5237.102
Synopsis	FAR 5.200
Justification not to synopsise	FAR 5.202
SF98/98a and Wage Determination	DFARS 222.1008 FAR 22.1008/9/10/11/12 CPPM 22.1008-60 CPPM 22.1012-60
Conforming Labor Classifications	FAR 22.1019 CPPM 22.1019-60
Organizational Conflict of Interest (waiver) Approval (Head of contracting office)	FAR 9.503

PRESOLICITATION Cont'd

Make-or-buy programs (\$5,000,000)
Trade Agreements Act (\$176,000)

Economy Act

Source Selection
Evaluation Factors "Best Buy"

Leader Company Contracting
Other Than Full & Open Competition

Competition Advocate
Size Standards & SIC Codes
Small Business Representations
Set-Asides (over \$25,000)
8(a) Procurements

POST-SOLICITATION

Late bid/proposal/modification of
bid/proposal documentation
Bids/proposals (file copy)
Abstract

Technical evaluations
Field Pricing/Audit Reports/Verbal
Rate Check (over \$500K)

Contractor Responsibility/Pre-
Award Surveys

Certificate of Competency (COC)
for Small Businesses

Pre & Post-Negotiation Business
Clearances format (over \$25K)

Waiver of 5 day notice (SBSA or
SDBSA)

5-day notice (SBSA or SDBSA)

CHINFO release (\$5,000,000)

Unsuccessful offeror letters
CAS letter/Retention of administration
Value Engineering letter
Pre/Post to DCAA/ACO (over \$500K)
Ordering Officer letter
PCO COR appointment letter

Reference

FAR 15.703
FAR 25.4
DFARS 225.4
FAR 17.5/DFARS 217.5
CPPM 17.502-60

FAR 15.6
FAR 15.406-5(c)
FAR 15.605(e)
CPPM 15.608-61
NAVSUPINST 4200.79B
FAR 17.4/DFARS 217.401
FAR 6.301/NAPS 5206.3
CPPM 6.301-62A
FAR 6.502/CPPM 6.502-60
FAR 19.1
FAR 19.3/DFARS 219.3
FAR 19.5/DFARS 219.5
FAR 19.8/DFARS 219.8

FAR 14.304 & 15.412
FAR 4.803
FAR 14.204(a)
FAR 15.608(a) (2)
FAR 15.805-5(a) (1) /
CPPM 15.805-62/63

FAR 9.1

FAR 19.6/DFARS 219.602

NAPS 5201.690

FAR 15.1001(b) (2)
FAR 19.302 (d) (1)
FAR 15.1001(b) (2)
NAPS 5205.303
FAR 5.303(a)
DFARS 205.303
FAR 15.1001(c)
FAR 42.203
FAR 48.102/FAR 48.201
FAR 15.805-5
NAVSUPINST 4205.3A
NAVSUPINST 4205.3A

PRESOLICITATION Cont'd

2nd BAFOs approval

Convert IFB to RFP

Award Synopsis

EEO Clearance (\$1,000,000)
(excluding construction)

Subcontracting Plan (over \$500K unless
small business) (\$1,000,000 constr.)

Subcontract Plan approval

Certificate of Current Cost or
Pricing Data

Reference

DFARS 215.611

NAPS 5215.611

CPPM 15.611-60

FAR 15.103

FAR 5.302

FAR 22.805(a)

CPPM 22.805-60A

FAR 19.702(a)(1) & (2)

FAR 19.705-4

FAR 15.804-2/15.804-3/

15.804-4/CPPM15.804-62

SOLICITATION DOCUMENTS

Request for solicitation

Copy of solicitation with attachments

Amendments with backup documentation

Mailing list/solicitation data

Protests

Disputes/Appeals

FAR 14.2/15.4

FAR 14.201, FAR 15.406
and FAR 4.803

FAR 14.201, FAR 15.406

FAR 4.803 &

FAR 14.204(b)

FAR 33.1

FAR 33.2

AWARD

Legal review of sufficiency

Award/continue performance after

GAO protest

Procurement Integrity

Contract Reporting/DD 350

NAPS 5201.602-2

FAR 33.104(b), (c), (d)

CPPM 33.104-61

FAR 3.104

CPPM 3.104-60

FAR 4.6

DFARS 204.670

DFARS 253.204-70

MODIFICATIONS

Request for modification

RCP or letter

SF98/98a

Wage Rate

Preliminary Notice of option exercise

Justification and Approval

No multiple authorities on J&As

Urgency statement

Synopsis

Contractor proposal/SF 1411

FAR 22.1008/

DFARS 222.1008

FAR 22.1008)

DFARS 222.1008

FAR 17.207(a)

FAR 6.302/6.303/6.304

NAPS 5206.303/5206.304

Policy letter 92-31

CPPM 6.301-61

FAR 6.302-2 and

FAR 5.202(a) (2)

FAR 5.2

FAR 15.804-6(b)

PRESOLICITATION Cont'd

Reference

DCAA audit/verbal rate check
 (over \$500,000)
Pre/Post negotiation business
 clearances
Termination for default/convenience
 documentation

Claim documentation

Undefinitized Contract Actions (UCAs)

Procurement Integrity

CAAS Contracted
Advisory and Assistance Services
J&A at level above requesting office
Defense Funding Information
Delivery Orders

Contract Closeout

FAR 15.805-5(a) (1)
NAPS 5201.690
NAVSUPINST 4200.83A

FAR Part 49

See Protests/Disputes/
Appeals FAR 33.1/33.2
DFARS 217.74
NAPS 5217.74
CPPM 17.404-60
FAR 3.104
CPPM 3.104-60

FAR 37.2/CPPM37.202-60
FAR 37.206
CPPM 37.702-61
NAVSUP Publications
570 & 583
FAR 4.804
DFARS 204.804

APPENDIX D. CONTRACTING ACTIVITY PROFILE

Name of Contracting Activity _____

Address _____

Head of Contracting Activity _____ Phone _____

Assistant Head of Contracting Activity _____ Phone _____

1. CONTRACT AWARD ACTIVITY

	Number of Actions		Amount	
	FY ____	FY ____	FY ____	FY ____
Contracts				
Competitive (Full and Open)	_____	_____	_____	_____
8(a) Contracts-competitive	_____	_____	_____	_____
8(a) Contracts-Noncompetitive	_____	_____	_____	_____
Other Set-asides				
Small Business	_____	_____	_____	_____
Labor Surplus Area	_____	_____	_____	_____
Other Noncompetitive	_____	_____	_____	_____
Delivery Orders	_____	_____	_____	_____
 Contract Modification				
Reported as Competitive	_____	_____	_____	_____
Reported as Noncompetitive	_____	_____	_____	_____
 Contracts Subtotal	_____	_____	_____	_____
 Small Purchases				
Purchase Orders	_____	_____	_____	_____
EASE Orders	_____	_____	_____	_____
Blanket Purchase Agmnt	_____	_____	_____	_____
(BPA) Calls	_____	_____	_____	_____
Federal Supply Schedule	_____	_____	_____	_____
Delivery Orders	_____	_____	_____	_____
Other Delivery Orders	_____	_____	_____	_____
Credit Cards	_____	_____	_____	_____
Other (Specify) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
 Small Purchase Subtotal	_____	_____	_____	_____
 Grand Total	_____	_____	\$ _____	\$ _____

Contracting Activity Profile

2. BRANCH DIVISION SOCIOECONOMIC PROGRAM AWARDS

PROGRAM	GOAL FY__	DOLLARS OBLIGATED FY__
SMALL BUSINESS	_____	_____
LABOR SURPLUS AREA	_____	_____
SMALL DISADVANTAGED BUSINESS [8(a)]	_____	_____
SMALL DISADVANTAGED BUSINESS OTHER THAN 8(a)	_____	_____
WOMEN-OWNED BUSINESS	_____	_____
BUY INDIAN ACT, 28 U.S.C.47	_____	_____
SUBCONTRACTS		
SMALL BUSINESS	_____	_____
SMALL DISADVANTAGED BUSINESS	_____	_____

3. MAJOR CUSTOMER'S REQUIREMENTS

(Other than small purchases)

FY _____

CUSTOMER	PRINCIPAL ITEMS ACQUIRED	NUMBER OF ACTIONS	PERCENT OF TOTAL	DOLLARS OBLIGATED THOUSANDS	PERCENT OF TOTAL
A. _____	_____	_____	_____	_____	_____
_____	_____				
B. _____	_____	_____	_____	_____	_____
_____	_____				
C. _____	_____	_____	_____	_____	_____
_____	_____				
D. _____	_____	_____	_____	_____	_____
_____	_____				
E. _____	_____	_____	_____	_____	_____
_____	_____				
TOTALS		_____	_____	_____	_____

4. UNAUTHORIZED COMMITMENTS/RATIFICATION REQUESTS

	TOTAL NUMBER	TOTAL AMOUNT	NUMBER RATIFIED	AMOUNT	NUMBER PENDING	AMOUNT
FY__	_____	_____	_____	_____	_____	_____
FY__	_____	_____	_____	_____	_____	_____

Contracting Activity Profile

5. **PROCUREMENT ADMINISTRATIVE LEADTIME**

FY ____	NUMBER OF AWARDS	GOAL * FOR FY__	AVG TIME TO AWARD	# EXCEEDING GOAL
8 (A) CONTRACTS				
COMPETITIVE	_____	_____	_____	_____
NON COMPETITIVE	_____	_____	_____	_____
NEW NON COMPET KTS	_____	_____	_____	_____
NEW COMPETITIVE KTS	_____	_____	_____	_____
DELIVERY ORDERS	_____	_____	_____	_____
FUNDED MODIFICATIONS EXTENTIONS/OPTIONS	_____	_____	_____	_____
SMALL PURCHASES	_____	_____	_____	_____

LIST SAME DATA FOR PREVIOUS FY BELOW

FY ____	NUMBER OF AWARDS	GOAL FOR FY__	AVG TIME TO AWARD	# EXCEEDING GOAL
8 (A) CONTRACTS				
COMPETITIVE	_____	_____	_____	_____
NON COMPETITIVE	_____	_____	_____	_____
NEW NON COMPET KTS	_____	_____	_____	_____
NEW COMPETITIVE KTS	_____	_____	_____	_____
DELIVERY ORDERS	_____	_____	_____	_____
FUNDED MODIFICATIONS EXTENTIONS/OPTIONS	_____	_____	_____	_____
SMALL PURCHASES	_____	_____	_____	_____

* GOAL MUST BE ESTABLISHED BY NAVSUP OR ACTIVITY AND USED AS PART OF THE TEMPLATE WHICH ADDRESSES (PALT).

Contracting Activity Profile

6. OBLIGATIONS BY MONTH IN FY____

MONTH	FORMAL CONTRACT ACTIONS		SMALL PURCHASES	
	ACTIONS/ % OF TOTAL	OBLIGATIONS/ % OF TOTAL	ACTIONS/ % OF TOTAL	OBLIGATIONS/ % OF TOTAL
OCTOBER	_____/	\$_____/	_____/	\$_____/
NOVEMBER	_____/	\$_____/	_____/	\$_____/
DECEMBER	_____/	\$_____/	_____/	\$_____/
JANUARY	_____/	\$_____/	_____/	\$_____/
FEBRUARY	_____/	\$_____/	_____/	\$_____/
MARCH	_____/	\$_____/	_____/	\$_____/
APRIL	_____/	\$_____/	_____/	\$_____/
MAY	_____/	\$_____/	_____/	\$_____/
JUNE	_____/	\$_____/	_____/	\$_____/
JULY	_____/	\$_____/	_____/	\$_____/
AUGUST	_____/	\$_____/	_____/	\$_____/
SEPTEMBER	_____/	\$_____/	_____/	\$_____/
TOTAL	_____/	\$_____/	_____/	\$_____/

Contracting Activity Profile

7. PROTESTS

FY____	NUMBER_____	FY____	NUMBER_____	% CHANGE _____
DATE	TO WHOM PROTESTED	BASIS	STAY GRANTED?	FINAL DISPOSITION

[illegible]

8. UNSOLICITED PROPOSALS

FY	NUMBER RECEIVED	NUMBER ACCEPTED	REJECTED
FY	NUMBER RECEIVED	NUMBER ACCEPTED	REJECTED

COMMENTS _____

9. CONTRACT CLOSEOUTS

FISCAL YEAR	NUMBER CLOSED	NUMBER ELIGIBLE FOR CLOSE OUT	RATIO OF CLOSED TO BACKLOG	NUMBER ELIGIBLE OVER 12 MONTHS	PROJECTED ELIGIBLE FOR CLOSE-OUT BY QUARTER
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Contracting Activity Profile

10. PRODUCTIVITY PROFILE - CONTRACT ACTIONS

ORGANIZATIONAL TITLE _____

(EXAMPLES INCLUDE CONTRACT ADMIN., EASE SMALL PURCHASE BRANCH,
PIER SIDE PROCUREMENT OFFICE, SATELLITE OFFICES, ECT.)

MAIN COMMODITY TYPE _____
(IF APPLICABLE)

	(PRIOR) FY _____	(RECENT) FY _____
NUMBER OF CONTRACT SPECIALISTS	_____	_____
NUMBER OF ACTIONS	_____	_____
ACTIONS PER SPECIALIST	_____	_____
TOTAL AMOUNT OBLIGATED	_____	_____
\$ OBLIGATED PER SPECIALIST	_____	_____

ORGANIZATIONAL TITLE _____

MAIN COMMODITY TYPE _____
(IF APPLICABLE)

	(PRIOR) FY _____	(RECENT) FY _____
NUMBER OF CONTRACT SPECIALISTS	_____	_____
NUMBER OF ACTIONS	_____	_____
ACTIONS PER SPECIALIST	_____	_____
TOTAL AMOUNT OBLIGATED	_____	_____
\$ OBLIGATED PER SPECIALIST	_____	_____

ORGANIZATIONAL TITLE _____
(IF APPLICABLE)

MAIN COMMODITY TYPE _____

	(PRIOR) FY _____	(RECENT) FY _____
NUMBER OF CONTRACT SPECIALISTS	_____	_____
NUMBER OF ACTIONS	_____	_____
ACTIONS PER SPECIALIST	_____	_____
TOTAL AMOUNT OBLIGATED	_____	_____
\$ OBLIGATED PER SPECIALIST	_____	_____

11. EMPLOYEE TURNOVER RATE

NUMBER OF EMPLOYEES	AS OF 30	AS OF 30
ASSIGNED	SEP 19__	SEP 19__

PURCHASING AGENTS:	_____	_____
CONTRACT SPECIALISTS:	_____	_____
ADMINISTRATIVE EMPLOYEES:	_____	_____

Contracting Activity Profile

11. **EMPLOYEE TURNOVER RATE (CONT)**

NUMBER OF EMPLOYEES ROTATED, RETIRED OR TRANSFERRED OUT
DURING FY _____

PURCHASING AGENTS: _____
CONTRACT SPECIALISTS: _____
ADMINISTRATIVE EMPLOYEES: _____

NUMBER OF EMPLOYEES ROTATED, HIRED OR TRANSFERRED IN
DURING FY _____

PURCHASING AGENTS: _____
CONTRACT SPECIALISTS: _____
ADMINISTRATIVE EMPLOYEES: _____

12. **OVERTIME INCURRED**

DOLLARS/PERCENT OF PAYROLL
FY _____ FY _____

PURCHASING AGENTS: _____
CONTRACT SPECIALISTS: _____
ADMINISTRATIVE EMPLOYEES: _____

13. **PARTICIPATION IN DAU/DAWIA TRAINING COURSES**

PERCENTAGE OF PERSONNEL
COMPLETING COURSE

COURSE NAME

DAU COURSE NUMBER/LOCAL COURSE NUMBER/LENGTH

NAVSUP SMALL PURCHASE COURSE _____
3 DAY COURSE _____
10 DAY COURSE _____

CONTRACTING FUNDAMENTALS _____
CON 101/MDAC 8D-4320/20 DAYS _____

INTERMEDIATE CONTRACTING _____
CON 211/MDAC 8D-F12/15 DAYS _____

INTERMEDIATE CONTRACT ADMINISTRATION _____
CON 221/PPM 304/10 DAYS _____

COST AND PRICING _____
CON 104/QMT 170/14 DAYS _____

Contracting Activity Profile

13. PARTICIPATION IN DAU/DAWIA TRAINING COURSES (CONT)

INTERMEDIATE COST AND PRICE

CON 231/QMT 340/14 DAYS

CONTRACT LAW

CON 201/PPM 302/10 DAYS

EXECUTIVE COST AND PRICE ANALYSIS

CON 331/QMT 540/10 DAYS

EXECUTIVE PRE-AWARD CONTRACTING

CON 311/ALMC-B5/5 DAYS

EXECUTIVE CONTRACT ADMINISTRATION

CON 321/PPM 057/10 DAYS

EXECUTIVE CONTRACTING

CON 301/EXECUTIVE SEMINAR-ER/5 DAYS

AUTOMATED INFORMATION SYSTEMS

CON 241/NAMTO-DEFENSE CONTRACTING FOR INFO RESOURCES/8 DAYS

CONSTRUCTION CONTRACTING FUNDAMENTALS

CON 103/MDAC CTC-142/20 DAYS

OVERHEAD MGMT FOR DEFENSE CONTRACTS

CON 232/PPM 335/10 DAYS

OTHERS, LIST BELOW

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